Manitoba Finance

Annual Report
2005-2006

Manitoba

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Manitoba

2007-04562/

MINISTER OF FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

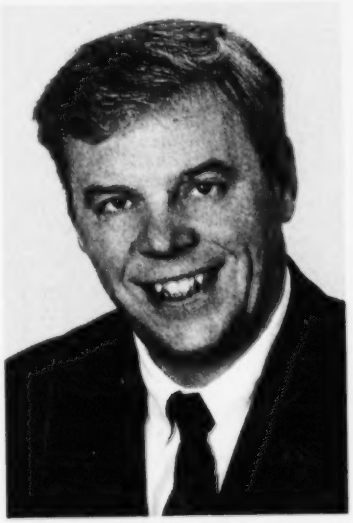
His Honour the Honourable John Harvard, P.C., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg, Manitoba
R3C 0V8

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2006.

Respectfully submitted,

Honourable Greg Selinger
Minister of Finance



MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

Son Honneur l'honorable John Harvard, C.P., O.M.
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel du ministère des Finances pour l'année financière terminée le 31 mars 2006.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Greg Selinger

Manitoba

Deputy Minister of Finance
Room 109, Legislative Building, Manitoba, Canada R3C 0V8
www.manitoba.ca

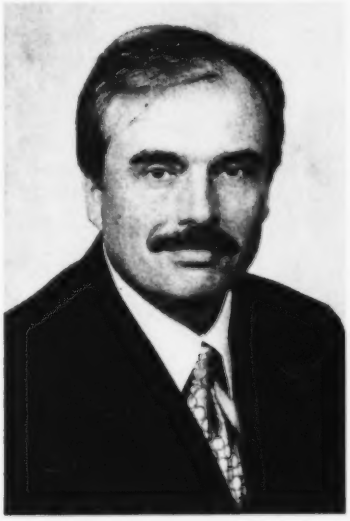
Honourable Greg Selinger
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Selinger:

I have the honour of presenting for your consideration, the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2006.

Respectfully submitted,

Ewald Boschmann
Deputy Minister of Finance



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PREFACE/PRÉFACE

The overall responsibilities of the Minister and the department include:

preparing the annual Provincial Budget;

management and control of government expenditures and revenues and the evaluation of government programs;

providing policy direction on matters relating to financial management and administration and ensuring appropriate government-wide management practices and systems;

ensuring accountability for the delivery of government programs;

management and administration of the Consolidated Fund, which includes maintaining the provincial accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the government;

managing daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given, by the government;

analysing and appraising the economic situation and prospects in Manitoba in co-operation with other ministries as appropriate;

advising on fiscal and other economic policies and measures including taxation;

advising on policies relating to Federal-Provincial fiscal and economic relations;

representing the province in negotiations and participating in meetings related to finance, taxation and economic development;

managing the province's financial assets and liabilities;

insuring government assets and managing risk; and

Les responsabilités globales du ministre et du ministère consistent à :

préparer le budget annuel provincial;

gérer et contrôler les dépenses et les recettes du gouvernement et évaluer les programmes gouvernementaux;

établir des directives en matière de gestion et d'administration financière et garantir des pratiques et des mécanismes de gestion appropriés pour l'ensemble du gouvernement;

garantir l'obligation de rendre compte en ce qui concerne la mise en œuvre des programmes gouvernementaux;

gérer et administrer le Trésor, ce qui signifie notamment : maintenir les systèmes de comptabilité et de rapport de la province, préparer les comptes publics annuels et les autres rapports qui montrent la situation financière du gouvernement;

gérer les besoins quotidiens de trésorerie, la dette publique, l'investissement de l'argent public, ainsi que les prêts, les avances et les garanties offerts par le gouvernement;

analyser et évaluer la situation économique et les perspectives du Manitoba en collaboration avec les autres ministères, lorsqu'il y a lieu;

donner des conseils sur les politiques et mesures fiscales et économiques, y compris les taxes;

donner des conseils sur les politiques concernant les relations fiscales et économiques entre le fédéral et la province;

représenter la province lors des négociations et participer aux réunions portant sur les finances, les taxes et le développement économique;

gérer l'actif et le passif de la province;

garantir l'actif du gouvernement et gérer les risques;

fostering business and consumer confidence in the marketplace and administering a regulatory framework that contributes to a competitive Manitoba economy.

favoriser la confiance des entreprises et des consommateurs envers le marché et administrer un cadre législatif qui contribue à la compétitivité de l'économie manitobaine.

Through its efforts, the department manages strategic, financial and operational risks at a corporate level so that the value government obtains for money expended, and for revenues owing and received, is optimized.

Grâce à ses efforts, le ministère gère les risques stratégiques, financiers et d'exploitation au niveau de l'organisation, de façon à obtenir le meilleur rendement possible des dépenses effectuées par le gouvernement et des revenus qu'il possède et perçoit.

The departmental organization structure appears in the chart on page 16. The department is comprised of six operating divisions, as well as the French Language Services Secretariat and the Treasury Board Secretariat.

La structure de l'organisation du ministère est représentée dans un graphique en page 16. Le ministère est constitué de six divisions opérationnelles, auxquelles il faut ajouter le Secrétariat des services en langue française et le Secrétariat du Conseil du Trésor.

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. The Executive Support area of the division includes the Deputy Minister of Finance and provides advice to the Minister on all policy and program matters related to the department. Executive Support also co-ordinates and administers the activities of the department to meet the policy objectives of government.

La Division de l'administration et des finances s'occupe de la haute administration ainsi que de la planification et de la gestion des politiques et des programmes du ministère. Le cabinet du ministre et le bureau du sous-ministre conseillent le ministre sur toutes les politiques et tous les programmes liés au ministère. De plus, le cabinet du ministre et le bureau du sous-ministre coordonnent et administrent les activités mises en œuvre par le ministère afin d'atteindre les objectifs du gouvernement en matière de politiques.

The division also co-ordinates the department's financial, administrative and human resource functions and includes the Tax Appeal Commission and the Insurance and Risk Management Branch. The Insurance and Risk Management Branch provides centralized insurance and risk management services to government departments and agencies, including most Crown corporations.

La Division gère les ressources humaines du ministère et coordonne ses fonctions financières et administratives. Elle regroupe aussi la Commission d'appel des impôts et des taxes ainsi que la Direction de l'assurance et de la gestion des risques. Cette dernière fournit des services centralisés d'assurance et de gestion des risques aux organismes et ministères gouvernementaux, y compris la plupart des sociétés de la Couronne.

The French Language Services (FLS) Secretariat advises the government, and in particular the Minister responsible for French Language Services in particular, on the development of government services in the French language, and on matters relating to the FLS policy in general.

Le Secrétariat des services en langue française (SLF) conseille le gouvernement, en particulier le ministre responsable des services en langue française, au sujet de l'élaboration et de la mise en œuvre des services gouvernementaux en français, ainsi que sur toutes les questions liées à la politique des services en langue française en général.

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division also assists in the financing of municipalities, schools and hospitals and ensures that such financing is arranged.

La Division de la trésorerie gère et administre les ressources de trésorerie, les programmes d'emprunt, les investissements et le service de la dette du gouvernement. Elle gère et administre également les programmes d'emprunt et les investissements des sociétés de la Couronne et des organismes gouvernementaux. La Division de la trésorerie participe au financement des municipalités, des écoles et des hôpitaux, et elle s'assure que les modalités de ce financement sont déterminées.

The Comptroller Division is responsible for establishing and fostering a corporate comptrollership function across government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements.

The Taxation Division is responsible for efficiently and effectively administering the Provincial Taxation Acts and ensuring proper revenues are collected as provided in the Acts. This includes the administration, collection, processing and reporting of taxation revenues, as well as the provision of tax expertise to government, businesses collecting taxes and taxpayers. The division also investigates and audits taxpayers to ensure compliance.

The Federal-Provincial Relations and Research Division provides research and technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations. The division also administers fiscal arrangements and tax collection agreements with the federal government, administers tax credit programs with the federal government and municipalities, and provides government-wide analytical support to inter-departmental working groups.

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities and provides representation of government and department management in all labour relations and compensation activities within the civil service. The Secretariat is headed by a Deputy Minister who acts as Secretary to Treasury Board.

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, regulates utilities and maintains registries of vital events and of interests in land and personal property.

La Division du contrôleur est chargée d'établir et de développer une fonction de contrôle pour l'ensemble du gouvernement. Celle-ci inclut l'élaboration et la mise en œuvre de systèmes financiers et de gestion qui apportent un soutien en ce qui concerne la prise de décision aux niveaux législatif et gouvernemental, l'efficacité de la prestation des services et les exigences liées à l'obligation de rendre compte. La Division est chargée d'établir et de contrôler les systèmes de débours pour payer les employés et les autres prestataires des fonds gouvernementaux.

La Division des taxes est chargée de mettre en application de façon complète et efficace des lois provinciales sur les taxes et les impôts, et de faire en sorte que les recettes prévues soient perçues conformément aux dispositions des lois. Cela inclut l'administration, la perception, le traitement et la communication des recettes fiscales, ainsi que des conseils prodigués au gouvernement, aux entreprises qui perçoivent des taxes et aux contribuables. La Division effectue aussi des enquêtes et des vérifications auprès des contribuables pour s'assurer que les lois fiscales sont bien respectées.

La Division des relations fédérales-provinciales et de la recherche apporte une aide en terme de recherche, de technique et d'analyse sur les questions économiques et fiscales (tant nationales que provinciales) et sur les relations intergouvernementales de nature financière. La Division veille à l'application des arrangements fiscaux et des ententes de perception fiscale avec le gouvernement fédéral. Elle administre les programmes de crédits d'impôts avec le gouvernement fédéral et les municipalités. Elle aide aussi les groupes de travail interministériels dans le domaine de l'analyse, pour l'ensemble du gouvernement.

Le Secrétariat du Conseil du Trésor apporte au ministre des Finances et au Conseil du Trésor de l'aide et des conseils en matière de finances et d'analyse, leur permettant ainsi d'exercer leurs responsabilités dans la gestion des dépenses. Le Secrétariat agit en tant que représentant du gouvernement et du ministère dans toutes les relations de travail et toutes les activités de compensation au sein de la fonction publique. L'organisme est placé sous la responsabilité d'un sous-ministre qui agit à titre de secrétaire du Conseil du Trésor.

La Division de la consommation et des corporations facilite la résolution des conflits entre consommateurs et entreprises, ainsi qu'entre locataires et locateurs. La Division veille également à l'application des lois et des règlements qui touchent les aspects suivants: la constitution en corporation et l'enregistrement des entreprises; la délivrance de permis aux corporations de fiducie, aux corporations de prêt, aux credit unions et aux

The divisional text of this report is formatted along the same lines as the appropriation structure for the department that is used in the Estimates of Expenditure of the Province of Manitoba. This formatting will assist with cross-referencing the two documents. Exceptions to this format have been made for the Insurance and Risk Management branch, Net Tax Credit Payments and Public Debt. These areas have been included within the divisions responsible for their administration.

The department also encompasses the Vital Statistics Agency, Manitoba Securities Commission, The Property Registry and the Companies Office. These Special Operating Agencies prepare and present their own annual reports and are not included in this document.

caisses populaires; la délivrance de permis aux compagnies et aux particuliers qui vendent des valeurs mobilières, des biens immobiliers ou des contrats d'assurance, ou qui s'occupent de réunir des fonds; la réglementation relative aux services publics. La Division maintient des registres d'état civil et les registres des droits sur des biens réels et personnels.

La division du texte de ce rapport reflète la structure des crédits du ministère utilisée dans le Budget des dépenses du Manitoba. Ce formatage facilite la recherche croisée entre les deux documents. Seuls le paiement net des crédits d'impôt, la Direction de l'assurance et de la gestion des risques, et la dette publique sont formatés autrement. Ces secteurs ont été inclus à l'intérieur des divisions chargées de leur administration.

Le ministère englobe également le Bureau de l'état civil, la Commission des valeurs mobilières du Manitoba, l'Office d'enregistrement des titres et des instruments et l'Office des compagnies. Ces organismes de service spécial préparent et présentent leurs propres rapports annuels et ne sont pas compris dans le présent document.

STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Balanced Budget, Debt Repayment and Taxpayer Accountability Act	B 5
The Business Names Registration Act	B 110
The Business Practices Act	B120
The Cemeteries Act	C 30
The Title to Certain Lands Act (R.S.M. 1990, c. 259)	-
The Change of Name Act	C 50
The Charities Endorsement Act	C 60
The Commodity Futures Act	C 152
The Condominium Act	C 170
The Consumer Protection Act	C 200
The Cooperatives Act	C 223
The Corporations Act	C 225
The Corporation Capital Tax Act	C 226
The Credit Unions and Caisses Populaires Act	C 301
The Crown Corporations Public Review and Accountability Act	C 336
The Electronic Commerce and Information Act (Part 5)	E 55
The Embalmers and Funeral Directors Act	E 70
The Energy Rate Stabilization Act	E 115
The Manitoba Evidence Act (Parts II and III)	E 150
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fiscal Stabilization Fund Act	F 85
The Prearranged Funeral Services Act	F 200
The Gasoline Tax Act	G 40
The Health and Post Secondary Education Tax Levy Act	H 24
The Professional Home Economists Act	H 70
The Hospital Capital Financing Authority Act	H 125
The Housing and Renewal Corporation Act [clause 44(k)]	H 160
The Hudson's Bay Company Land Register Act	H 170
The Income Tax Act (except sections 7.5 to 7.10)	I 10
The Insurance Act	I 40
The Insurance Corporations Tax Act	I 50
The Manitoba Investment Pool Authority Act	I 100
The Landlord and Tenant Act	L 70
The Life Leases Act	L 130
The Marriage Act	M 50
The Manitoba Hydro Act	H 190
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Mortgage Act (Part III)	M 200
The Mortgage Dealers Act	M 210
The Motive Fuel Tax Act	M 220
The Municipal Revenue (Grants and Taxation) Act (except Part 2)	M 265

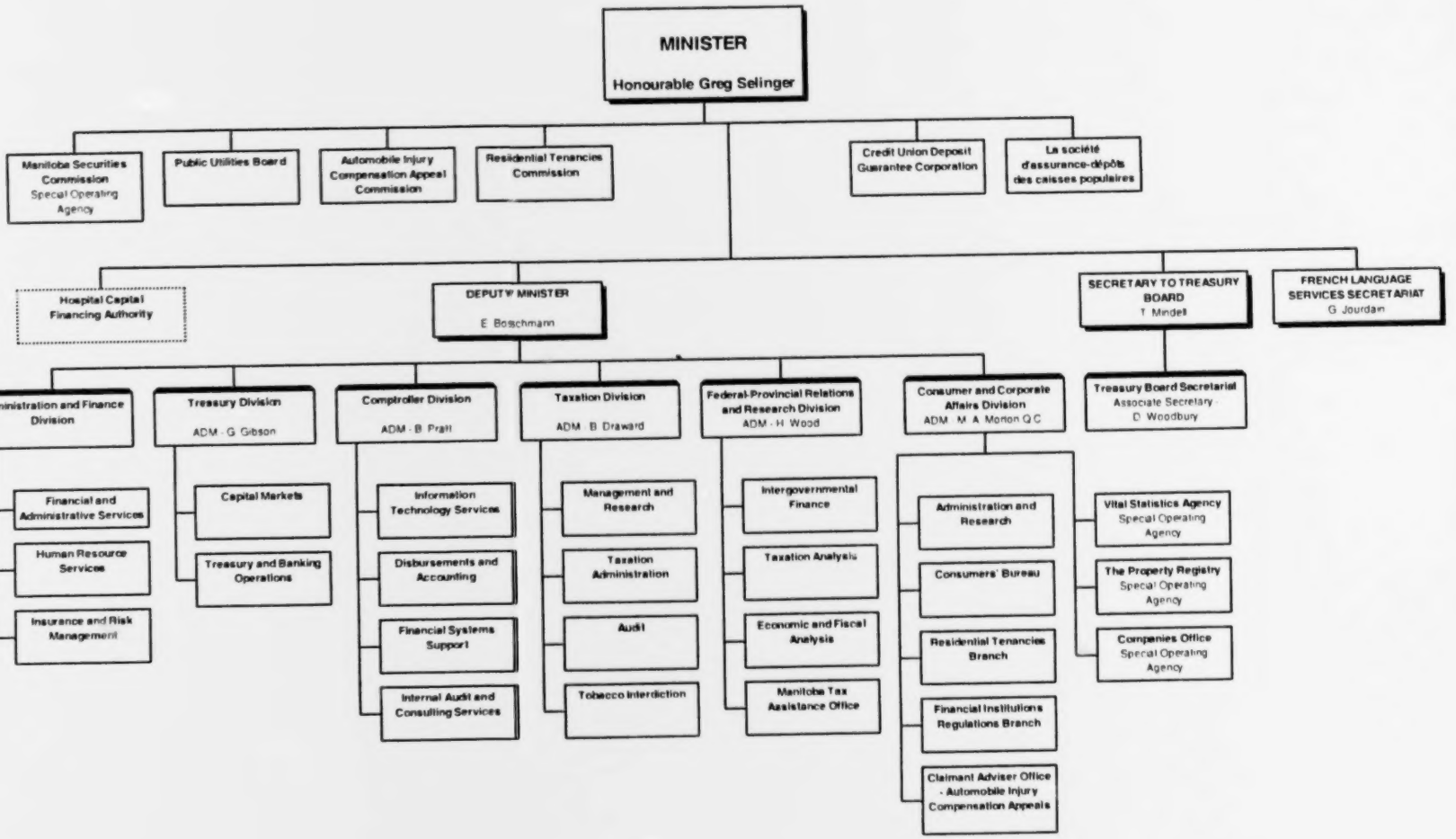
STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Pari-Mutuel Levy Act	P12
The Partnership Act	P 30
The Personal Investigations Act	P 34
The Personal Property Security Act	P 35
The Property Tax and Insulation Assistance Act (Parts I to IV and Part V.1, and section 1 and Part VI as they relate to subjects covered under Parts I to IV and Part V.1)	P 143
The Public Officers Act	P 230
The Public Utilities Board Act	P 280
The Public Sector Compensation Disclosure Act (S.M. 1996, c. 60)	P 265
The Real Estate Brokers Act	R 20
The Real Property Act	R 30
The Registry Act	R 50
The Religious Societies' Lands Act	R 70
The Residential Tenancies Act	R 119
The Retail Sales Tax Act	R 130
The Succession Duty Act (S.M. 1988-89, c. 42)	-
The Securities Act	S 50
The Special Survey Act	S 190
The Suitors' Moneys Act	S 220
The Surveys Act (Part I)	S 240
The Tax Administration and Miscellaneous Taxes Act (*previously The Revenue Act)*	T2
The Tax Appeals Commission Act	T 3
The Tobacco Tax Act	T 80
The Trade Practices Inquiry Act	T 110
The Vital Statistics Act	V 60

and:

Bedding, Upholstered and Stuffed Articles Regulation (Manitoba Regulation 333/88R) under The Public Health Act

Manitoba Finance
Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized co-ordination of financial, administrative and human resource functions as well as the Tax Appeal Commission and the Insurance and Risk Management program.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, co-ordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the Offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Minister's Salary	29.7	1.00	29.4	0.3	
Total Sub-Appropriation	**29.7**	**1.00**	**29.4**	**0.3**	

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	415.1	7.00	460.3	(45.2)	
Other Expenditures	100.4		90.7	9.7	
Total Sub-Appropriation	**515.5**	**7.00**	**551.0**	**(35.5)**	

Financial and Administrative Services

The Financial and Administrative Services branch is responsible for ensuring appropriate management of and accountability for the department's resources. This encompasses the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities encompass planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include co-ordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. In addition, the branch co-ordinates the department's records management program including all matters pertaining to the *Freedom of Information and Protection of Privacy Act* and administers the department's parking program.

1 (c) Financial and Administrative Services

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	373.9	6.00	381.4	(7.5)	
Other Expenditures	48.3		68.7	(20.4)	*1*
Total Sub-Appropriation	**422.2**	**6.00**	**450.1**	**(27.9)**	

1. Under expenditure is due to general operating cost reductions.

Tax Appeals Commission

The *Tax Appeals Commission Act* provides for the appointment of one or more commissioners for the purpose of dealing with appeals filed by taxpayers who disagree with assessments issued by the Taxation Division. The commission's responsibilities were expanded July 1, 2005 to include appeals for all tax statutes administered by the Taxation Division. The Tax Appeals Commission provides taxpayers with an objective review of the taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the commission and results for 2005/2006 are as follows:

Outstanding appeals as at March 31, 2005	17
Appeals received in 2005/2006	19
	36
Disposition of Appeals in 2005/2006	
Partially Denied	2
Denied	8
Late - Not Accepted	1
Upheld	1
Referred to Taxation (not an appeal issue)	3
Withdrawn	5
	20
Outstanding appeals as at March 31, 2006	16

1 (d) Tax Appeals Commission

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Tax Appeals Commission	17.1		18.1	(1.0)	
Total Sub-Appropriation	**17.1**		**18.1**	**(1.0)**	

Human Resource Services

The branch provides human resource services to departmental management and staff of the Departments of Finance and its Special Operating Agencies (SOAs), Culture Heritage and Tourism, Energy Science and Technology, Industry, Economic Development and Mines and the Office of the Auditor General in accordance with *The Civil Service Act*, Manitoba Government Employees' Union (MGEU) Master Agreement, Manitoba Labour Laws and Workplace Health and Safety Legislation. These services include staffing, employment equity, job analysis and classification, employee counselling, labour relations, and pay and benefits administration. These departments also share resources for the branch management, training and development, renewal planning, occupational health and safety, and diversity program development.

Specific activities of Human Resource Services during 2005/2006 that related to Manitoba Finance included:

Diversity

The branch continues to co-ordinate the implementation of government-wide policies and initiatives.

Four designated groups have been identified as under-represented and include women in non-traditional occupations, Aboriginal people, persons with disabilities and visible minorities. The long-range goal is to have the Manitoba Civil Service reflect the diversity of the population in all job classifications, taking into account relevant labour force data.

The Employment Equity Committee has developed a strategic plan to help the department meet these goals.

Employment Equity Statistics as at Fiscal Year End

	2002/2003 Actual (%)	2003/2004 Actual (%)	2004/2005 Actual (%)	2005/2006 Actual (%)
Aboriginal	2.9	3.5	5.3	6.6
Women	59.5	59.3	60.8	61.7
Persons with Disability	3.2	2.7	3.3	4.2
Visible Minority	5.6	5.4	6.7	7.6

Payroll and Benefits

During the course of the year, the branch maintained payroll records for 936 employees and board members. Maintained comprehensive attendance and payroll information on the corporate human resource/payroll system (SAP). Provided counselling and information on 73 appointments, 15 retirements, 3 death benefits, and 6 long term disability claims to employees and their family members.

Recruitment and Selection

82 competitions were held to fill 74 regular and 10 term vacancies. 40 positions were filled through various direct appointments.

The Financial Management Development Program (FMDP), co-sponsored by the Civil Service Commission and the Department of Finance, is a three-year internship program for recent university/diploma graduates eligible to enroll in the Certified General Accountants (CGA) or Certified Management Accountants (CMA) program of professional studies. FMDP combines on-the-job training, classroom instruction and one-on-one coaching, along with challenging job placements in a variety of public sector work settings. The program began as a recruitment initiative to address the vacancy rates for key financial management and audit positions in government. Upon completion of the program, interns will be eligible to successfully compete for financial management career opportunities in the civil service. Three interns commenced employment with the program in September 2005.

Position Classification

Prepared detailed classification analysis on 68 reclassification requests under delegated and non-delegated authority.

Labour Relations

Consulted with departmental management/supervisory personnel, employees and the MGEU in the resolution of numerous labour relations' issues, which included the filing of 3 formal grievances.

Staff and Organizational Development

Staff Development: One hundred and six staff members attended learning events. Topics covered included service, leadership, training in managing human resources, facilitation skills, Diversity, and Stress Management.

Organizational Development: The branch continued to provide consultation and facilitation in the areas of Renewal Planning, specifically Diversity Action Planning.

Occupational Health and Safety

Two accident/injury claims were reported over this time period involving 48 days lost time.

1 (f) **Human Resource Services**

Expenditures by Sub-Appropriation	Actual 2005-2006	Estimate 2005-2006		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	544.8	9.00	532.9	11.9	
Other Expenditures	23.8		75.5	(51.7)	1
Total Sub-Appropriation	**568.6**	**9.00**	**608.4**	**(39.8)**	

1. *Under expenditure is due to higher cost recoveries from SOAs for human resource services provided and a rationalization of general operating expenditures.*

Insurance and Risk Management

The Manitoba Comptrollership Framework defines risk management as "a systematic approach to setting the best course of action under uncertainty by identifying, assessing, understanding, communicating and acting on risk issues". The Insurance and Risk Management branch establishes central Risk Management Policy for the Government of Manitoba and provides Insurance and Risk Management services to Manitoba's departments and agencies, including some Crown corporations.

The branch assists departments and agencies in identifying and assessing the risks with programs and initiatives, and promotes the taking of reasonable risks. The branch establishes and maintains commercial and self insurance programs, and reviews contracts for fair and effective risk transfer. The branch administers insurance claims and advises on insurance-related legislation.

Risk Identification and Evaluation

Branch personnel assisted numerous departments and agencies conduct risk assessments of new or proposed programs. Loss control personnel from Manitoba's Insurance Consortium carried out site inspections during the 2005/2006 fiscal year and reports were provided to facility management.

Risk Transfer

The Insurance and Risk Management branch reviewed contracts for insurance, bonding and indemnity provisions, working with client departments and agencies and Civil Legal Services to promote appropriate transfer of risk in government contracts. The branch assisted departments and agencies in obtaining appropriate "Proof of Insurance" from third party contractors and vendors, and provided Certificates of Insurance to third parties on behalf of Manitoba departments and agencies.

Risk Financing

The Insurance and Risk Management branch administers insurance purchasing on behalf of government departments and agencies. The branch also conducts insurance surveys and examines alternative risk financing options on behalf of departments and agencies.

Costs for Manitoba's property and casualty insurance for 2005/2006 were consistent with costs in 2004/2005, and insurance policy terms and conditions were stable. Aircraft insurance costs increased 16% because of new aircraft, and upgrades or improvements to existing aircraft. Property insurance costs increased by 5%, again due to increased values while liability costs dropped by 7%.

Commercial insurance premiums (including brokerage fees) paid during the 2005/2006 fiscal year were $2.18 million for departments and $2.45 million for agencies. This represented an overall increase of 3% compared to the previous year.

Agencies Self-Insurance Fund

During the 2005/2006 fiscal year, the Agency Self-Insurance Fund collected $5.6 million in premiums from agencies, an increase of 40% from the previous year. Claim payments from the fund were approximately $4.2 million during the same period. Estimated total claim costs for newly reported claims were $4.3 million for property and $1.4 million for liability. Taking deductibles and commercial insurance payments into account, reserves for expected payments were $3.7 million for claims incurred during 2005/2006.

Claims Administration

Agency Property Claims

In the 2005/2006 fiscal year, there were 404 incidents involving damage to agency property, at an estimated cost of $4,296,643. This involved a 7.6% decrease in the number of reported incidents while the quantum of reported damage increased by 10.5%. There were three large losses this year of $250,000, $300,000 and $750,000. Continued escalating building and transportation costs, particularly in rural areas, have resulted in increased claims costs.

Agency Liability Claims

During this same period, 239 new liability incidents were reported with initial reserves totalling $1,351,418. This represented an increase of 14.4% in the frequency of reported incidents, and an increase of approximately 326.1% in the total reserves compared to 2004/2005 reserves of $317,176. *(A severe injury claim has significantly impacted the overall reserve.)*

Agency Adjusting Costs

Adjusting costs of $131,661 for agency claims reflect a decrease of 34.6% compared to 2004/2005. A combination of closing fewer claim files, utilizing the services of the Department Claims Manager at a reduced rate, and limiting adjuster involvement where practicable have contributed to the decrease. The adjuster rate schedule remained unchanged.

Department Property Claims

In the 2005/2006 fiscal year, 247 incidents involving damage to government department property at an estimated cost of $1,020,277 were reported to this branch representing an increase of 17.6% in the claim potential for the reported incidents from the prior year and 7.4% more than the previous three year average. Several large property losses valued over $100,000 were closed this year as well as several successful recoveries from responsible parties and insurers to reduce overall costs.

Department Liability Claims

During 2005/2006, 304 new liability incidents were reported with initial reserves and current payouts totalling $302,663. This represented a 32.8% increase in the number of reported incidents and a 29% decrease of the total liability reserves over the previous three year average. There were no large claims that have caused this increase; however, several departments have recently begun to report incidents more frequently on an occurrence basis thus allowing the branch to assist in the handling of these potential claims which is reflected in the increased number of total incidents recorded for the fiscal year resulting in more accurate claims reserves.

The branch was able to close 241 new and old liability claims this year (an increase of 85% from 2004/2005), including several outstanding incidents that had a potential for larger settlements. Payouts by departments totalled $672,877 including contributions of $323,193 from insurers and other sources which offset the branch's portion of the payouts considerably.

Department Adjusting Costs

Adjusting costs billed for department claims decreased significantly by 67.5% to $9,089 in the 2005/2006 fiscal year. This is 54% lower than the three year average and is the result of a hands-on approach to assessing and investigating small claims with the use of department field personnel and available technologies.

The number of liability claims closed increased significantly from 130 in 2004/2005 to 241 in 2005/2006 and the number of property claims closed increased from 75 in 2004/2005 to 84 in 2005/2006.

The Manager of Department Claims is working closely with all departments to increase awareness in Risk Management and to encourage prompt reporting of all incidents so they can be properly handled and investigated as required. This is again visible in the increased amount of incidents reported but not the increased adjusting fees and expenses associated with a greater claims volume.

Other Claims Activities

Insurance and Risk Management conducted a claims presentation, including a moisture detector presentation, at Manitoba Housing Authority's Maintenance Co-ordinators conference. To promote reduction of the severity of damages caused by water and adjuster involvement, 35 moisture detectors were distributed to the Maintenance Co-ordinators for use in the field.

Intentional Damage Compensation Plan

Branch personnel monitor the administration of the Foster Parents Intentional Damage Compensation Plan for Manitoba Family Services and Housing.

A total of 117 claims were reported in 2005/2006 and settlement payouts incurred to a total cost of $137,433 plus administrative costs of $22,941. This represented a slight decrease in claims frequency (12%) and an increase in claims severity (29%) and settlement costs. This also reflected an increase in adjusting and administration costs (25%) due to the more severe losses that required additional manpower to close during the past fiscal year.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	342.7	5.20	350.8	(8.1)	
Other Expenditures	51.7		57.0	(5.3)	
Insurance Premiums	2,172.2		3,341.0	(1,168.8)	1
Less: Recoverable from Other Appropriations	(2,172.2)		(3,341.0)	1,168.8	1
Total Sub-Appropriation	**394.4**	**5.20**	**407.8**	**(13.4)**	

1. *Under expenditure is due to deferral of the establishment of the Self-Insurance Fund.*

French Language Services Secretariat

The French Language Services (FLS) Secretariat advises the Government of Manitoba, and the Minister responsible for French Language Services in particular, on the development of government services in the French language and on matters relating to the FLS policy in general.

The FLS Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS policy in a manner consistent with the concept of *active offer* and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS policy.

The FLS Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the government and Francophone organizations in the province.

During 2005/2006, the FLS Secretariat and its team of facilitators:

- Co-ordinated, for Manitoba, the inclusion of projects to be funded in 2005/2006 under the Canada-Manitoba Agreement, a cost sharing agreement with the federal government.
- Co-ordinated, for Manitoba, the inclusion of projects to be funded in 2005/2006 under the Agreement for Cooperation and Exchange Between the Governments of Québec and Manitoba and under the French-language services component of the Memorandum of Understanding (MOU) on Interprovincial Co-Operation Between the Governments of Manitoba and New Brunswick.
- Co-ordinated promotional campaigns specific to every Bilingual Service Centre (BSC) with the publication of brochures, flyers and posters as well as the organization of outreach activities in the different communities.
- Continued to add services such as immigration, justice and housing to existing BSCs. Provided training to all staff at the BSCs.
- Participated in the Access Centre Working Group and identified potential provincial partners for the next three BSCs in St. Laurent, Ste. Anne and St. Vital.
- Continued the planning process for implementation of pilot projects in St. Boniface and St. Pierre-Jolys for the delivery, in both English and French, of a full range of services pertaining to the administration of justice. Priority was given to the establishment of the circuit court accompanied by a full-time generalist position in St. Pierre-Jolys. Participated in the advisory committee established to deal with matters relating to the delivery of RCMP services in both official languages.
- Provided guidance and assistance to administrative bodies and pursued the review and/or development of FLS plans. Chaired the Advisory Committee on French Language Social Services for the development of FLS plans of designated social services agencies and other related issues.
- Acted as a resource for the *Communauté en Santé* board, which the Government of Manitoba designated in October 2004 as the official representative of the Francophone community in the areas of health and social services.
- Chaired or provided logistical support for advisory committees/working groups on FLS in the areas of justice, tourism and economic development.
- Participated in national meetings of senior officials on French Language services. With the Minister responsible for FLS, participated in the Ministerial Conference on the Canadian Francophonie that was held in Regina on October 13 and 14, 2005.
- Co-ordinated 231 registrations for French language training from government employees primarily in designated positions and offices including a pilot project for staff of Family Services and Housing and the upgrading of skills via the Internet.
- Organized FLS forums/meetings with representatives of government departments and the Franco-Manitoba community to share information and ideas on specific issues and to prepare recommendations or develop solutions and strategies.

- Dealt with 16 complaints and various issues raised by the public regarding FLS.
- Prepared the draft *Report on French Language Services 2004-2005.*

1 (e) French Language Services Secretariat

Expenditures by Sub-Appropriation	Actual 2005-2006	Estimate 2005-2006		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	564.0	10.00	588.9	(24.9)	
Other Expenditures	350.5		508.8	(158.3)	1
Total Sub-Appropriation	**914.5**	**10.00**	**1,097.7**	**(183.2)**	

1. *Under expenditure results from operating cost reductions as well as deferred/delayed construction of additional Bilingual Service Centres.*

TREASURY DIVISION

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division assists in the financing of municipalities, schools and hospitals and it is the division's responsibility to ensure that such financing is arranged.

Major changes are continually taking place in the world's economic and financial markets. These changes have a significant impact on both short and long-term management strategies, as well as the day-to-day decisions made by Treasury Division staff.

The division maintains contact with a large number of domestic and foreign financial institutions as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the province and its policies while at the same time obtaining information about the state of world financial markets and financial products and opportunities available to the province.

To more effectively deal with technological and financial market complexities and risks, the division operates the following committees:

The Capital Markets Committee

- Meets weekly to review world capital markets, investment, risk management and foreign currency markets and ensures that Treasury management and professional staff are conversant with current events and expectations respecting these markets.
- Determines appropriate investment, borrowing and risk management strategies.

The Risk Committee

- Regularly reviews the financial status and exposure to individual financial institutions, establishes approved lists of financial counterparties, exposure limits, reviews documentation standards for financial agreements, and assesses the risks related to investment classes and transactions.
- Responsible for the risk oversight function of the division ensuring that policies, processes, procedures and controls are properly documented and that they are consistently communicated to staff and understood by everyone responsible for their implementation and monitoring.

The Information Technology Planning Committee

- Assesses the technological needs of the Treasury Division, and recommends appropriate actions to ensure that technological advances can be applied to improving Treasury Division effectiveness and productivity.
- Monitors the continuing progress of the division's Treasury Management System upgrade.

The Executive Management Committee

- Meets to discuss matters relating to personnel, operations, planning, budgeting, credit, information technology, legislation and administrative matters so as to maximize the use of all resources provided to the Treasury Division, prioritize activities and ensure effective and efficient delivery of treasury services.

The Operations Committee

- Responsible for implementing processes and procedures to minimize operational risk and for ensuring the smooth running of the day to day operations of the division.

Administration

The Administration function has two staff positions for the performance of the following functions:

- general management of the Treasury Division;
- advises Minister and Deputy Minister on all policy and program matters of a financial nature;
- contact with the world financial community;
- provision of management and financial advisory services to government departments, agencies and investment funds; and
- reviews policies, legislation and regulations, and recommends changes where necessary to achieve objectives.

2 (a) Administration					
Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	116.9	2.00	118.1	(1.2)	
Other Expenditures	83.6		102.2	(18.6)	
Total Sub-Appropriation	**200.5**	**2.00**	**220.3**	**(19.8)**	

Capital Markets

The Capital Markets branch has nine staff positions for the performance of the following major functions:

- managing the long-term borrowing programs of the government, Crown corporations, government agencies and other loan programs;
- developing and maintaining the debt management program of the government;
- administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- establish strategies and manage sinking funds and other long-term investment accounts of the province, Crown corporations and government agencies aggregating approximately $7.0 billion;
- managing the government's monetary resources;
- managing the short-term investment and borrowing programs for the government;
- administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the government, its Crown corporations and government agencies aggregated $2,867 million in 2005/2006. This included $1,901 million for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of the Province of Manitoba's direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2006 (using March 31, 2006 foreign exchange rates for conversion of foreign issues) was $16.14 billion ($16.15 billion at March 31, 2005) of which $6.58 billion ($6.59 billion at March 31, 2005) was for general government programs.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the government has borrowed money. Three major reports and filing documents were prepared for regulatory agencies in Japan, Europe and the United States.

The branch also co-ordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the province.

Debt Management

The Capital Markets branch actively monitors global capital markets and manages the province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, forward rate agreements and various option structures.

At March 31, 2006, 10% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (10% at March 31, 2005) and 100% was payable in Canadian dollars (100% at March 31, 2005).

Long-Term Investments

Loans and Equity Investments

The Capital Markets branch administers the government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 2005/2006, $666.2 million was invested and $545.4 million of principal was repaid. At March 31, 2006 the aggregate amount of advances and equity investments outstanding was $8.5 billion.

Sinking Funds and Other Long-Term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Markets branch. At March 31, 2006, sinking funds related to the direct and guaranteed debt of the province amounted to $4.479 billion, down 1.8% from $4.561 billion at March 31, 2005. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled $1.6 billion at February 28, 2006. The Capital Markets branch determines the cash flows of these funds for investment purposes.

Money Management

The Capital Markets branch prepares cash flow forecasts detailing the government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 2005/2006, the Money Management program was involved in managing the cash flow for over $15 billion of transactions processed through the accounts of the government.

Short-Term Investment and Borrowing

Monitoring and management of the government's cash flow during 2005/2006 resulted in the branch arranging over 1,200 short-term money market transactions aggregating approximately $66 billion of investment purchases and $261 million of investment sales. The branch also arranged for the issue of $675.0 billion of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts. Interest earned on the short-term investments amounted to approximately $51.5 million while interest paid on the promissory notes issued was approximately $1.4 million.

Trust Administration

Over 120 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately $1.3 billion in 2005/2006. Approximately 3,200 trust deposit receipts were issued in 2005/2006 and 4,120 payments processed by the branch in respect to these deposits. Interest paid on these trust accounts was in excess of $41.8 million.

Other Responsibilities

The Capital Markets branch also acts in an advisory capacity to Crown corporations and government agencies and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

The branch is responsible for operating the Manitoba Hospital Capital Financing Authority which assists operators of hospitals to finance their capital expenditures and for funding Health facilities directly.

The branch managed the ninth Manitoba Builder Bonds campaign which raised $105 million.

2 (b) Capital Markets

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	508.7	9.00	604.2	(95.5)	
Other Expenditures	48.1		65.4	(17.3)	1
Total Sub-Appropriation	**556.8**	**9.00**	**669.6**	**(112.8)**	

1. *Under expenditure is essentially due to a reduction in general operating expenditures.*

Treasury and Banking Operations

Risk Management and Banking

The Risk Management and Banking office has six staff positions for the performance of these major functions:

- monitoring and reporting on the division's market, credit, operational and liquidity risks ensuring safeguards are in place to protect the financial assets and liabilities of the government;
- responsible for the risk oversight function ensuring policies are in place and operating effectively in order to allow the division to meet its strategic objectives while managing risks;
- responsible for the administration and controllership activities related to the province's Risk Management program;
- ongoing development and maintenance of divisional policies and procedures;
- co-ordination, preparation, revision and analysis of Public Debt and Treasury Division expenditure estimates; and
- managing the banking operations of the government.

Risk Management

The ultimate purpose of developing a segregated Middle office is to efficiently and effectively monitor the division's risk management practices and financial exposures such as Mark to Market, performance measurement, and credit monitoring on $7 billion of investments, $20 billion of debt, and $25 billion in financial risk management contracts.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies, evaluates requests for new bank accounts and maintains existing accounts. The branch also negotiates contracts for banking and armoured car services for the province. The branch maintained a central index of approximately 300 accounts representing all Province of Manitoba bank accounts in all financial institutions in the province.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of government revenues. The branch worked with individual departments and Special Operating Agencies, surveying their needs to consider appropriate applications.

The branch will continue to partner with other areas of government in the application of emerging technology.

Treasury Services

The Treasury Services office has eight staff positions for the performance of the following major functions:

- service and administer the public debt of the province;
- service and safekeep the short and long-term investments of the province and certain Crown corporations and government agencies;
- service and administer the province's Financial Risk Management program; and
- maintain a Treasury Payments system for the division.

Debt Servicing

The gross direct debt serviced by the branch aggregated approximately $20 billion. This debt was represented by debentures, savings bonds, treasury bills, promissory notes, and C.P.P. debentures, all payable in Canadian dollars, as well as 13 debenture issues payable in U.S. dollars, 1 debenture issue payable in Swiss Francs, 2 debenture issue payable in New Zealand dollars, 1 debenture issue payable in Euros and 2 debenture issues payable in Japanese Yen. In servicing this debt, the branch administered approximately 300 derivative agreements whereby, among other things, all the Swiss Franc, New Zealand Dollar and Japanese Yen debt has been swapped into fixed or floating rate Canadian or U.S. dollar liabilities. The branch also administered numerous option-related contracts entered into for the purpose of hedging against short-term interest rate and foreign currency fluctuations affecting debt.

Servicing the short-term debt obligations of the province required the administration of $1.3 billion in treasury bills and $675 million in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and The University of Manitoba. The aggregate value of these long-term investments was approximately $8.3 billion.

In servicing these investments the branch processed purchases aggregating $4.1 billion, sales and maturities of $4.0 billion and gross income of $429 million. The branch administered approximately 180 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian dollars.

Servicing short-term investments for the province required the processing and safekeeping of approximately 1,000 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately $40 billion.

In order to meet its responsibilities in servicing the province's debt and investments, the branch operates a payment system for the division. During 2005/2006, 203 cheques were issued with a total value of $50 million, electronically authorized 3,000 transfers totalling $18 billion, and issued 42 wire payment instructions through our principal bank totalling $231 million.

The Treasury and Banking Operations branch is responsible for co-ordinating the preparation of Public Debt expenditure estimates and analyses.

2 (c) Treasury and Banking Operations

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	775.6	14.00	831.5	(55.9)	
Other Expenditures	90.8		91.2	(0.4)	
Total Sub-Appropriation	**866.4**	**14.00**	**922.7**	**(56.3)**	

Public Debt (Statutory)

The Public Debt appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the province.

The following table sets forth certain information as to the funded debt of the province as well as debt issues for general provincial programs (all net of sinking funds) as at March 31 for the years 2002 through 2006, including per capita data based upon population at July of the preceding calendar year.

	As at March 31,				
	2002	**2003**	**2004**	**2005**	**2006**
Net General Provincial Program Debt (millions)	$6,406	$6,354	$6,546	$6,594	$6,582
Population*	1,151.3	1,155.6	1,161.6	1,170.2	1,177.6
Per Capita	$5,564	$5,498	$5,635	$5,635	$5,589
Gross Domestic Product (millions)*	$35,129	$36,626	$37,746	$40,006	$42,029
As a Percent of Gross Domestic Product	*18.2%*	*17.3%*	*17.3%*	*16.5%*	*15.7%*
Net Cost of Servicing General Provincial Program Debt (millions) **	$395	$321	$251	$241	$260
Revenue*	$6,829	$7,104	$7,389	$8,222	$8,365
As a Percent of Provincial Revenue	5.8%	4.5%	3.4%	2.9%	3.1%

* Source: Budget 2006, Manitoba Financial Statistics, Ten-Year Summary

** For comparative purposes, 2001/2002 and 2003/2004 costs have been adjusted to reflect the allocation of interest on capital assets and capitalization of infrastructure assets respectively.

11 Public Debt (Statutory)

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Interest on:					
the Public Debt of Manitoba and related expenses	1,105,025.2		1,103,598.0	1,427.2	
departments' capital assets	86,198.2		83,847.8	2,350.4	
Trust and Special Funds	44,030.4		30,000.0	14,030.4	
Sub-total	**1,235,253.8**		**1,217,445.8**	**17,808.0**	
Less: Interest and Other Charges to be received from:					
Sinking Fund Investments	(204,576.0)		(209,579.9)	5,003.9	
Manitoba Hydro	(535,152.3)		(529,899.3)	(5,253.0)	
Manitoba Housing and Renewal Corporation	(28,999.8)		(28,972.3)	(27.5)	
Manitoba Agricultural Credit Corporation	(20,335.3)		(19,999.7)	(335.6)	
Other Government Agencies	(11,454.7)		(12,422.4)	967.7	
Other Loans and Investments	(88,740.9)		(63,740.5)	(25,000.4)	
Other Appropriations	(86,198.2)		(83,847.8)	(2,350.4)	
Sub-total	**(975,457.2)**		**(948,461.9)**	**(26,995.3)**	
Total Sub-Appropriation	**259,796.6**		**268,983.9**	**(9,187.3)**	

COMPTROLLER DIVISION

The division's role is to establish and foster a corporate Comptrollership function for the Manitoba government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the division's government-wide Comptrollership function include:

- designing management processes;
- establishing financial and accounting policy;
- preparing and presenting financial information for internal and external reporting;
- maintaining the central accounts of the province and controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and co-ordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the division's mandate, four branches report to the Provincial Comptroller. These include:

- Information Technology Services;
- Disbursements and Accounting;
- Financial Systems Support; and
- Internal Audit and Consulting Services.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	389.7	5.00	391.1	(1.4)	
Other Expenditures	96.5		39.4	57.1	1
Total Sub-Appropriation	**486.2**	**5.00**	**430.5**	**55.7**	

1. *Over expenditure is essentially due to office renovation costs.*

Information Technology Services

The Information Technology Services branch provides efficient, effective and technologically sound information systems that effectively support Manitoba Finance with the exception of Treasury Board Secretariat and Consumer and Corporate Affairs.

The branch has 6.85 staff positions for the performance of the following major functions:

- leadership and co-ordination of the development of strategic and annual information technology plans;
- provision of information technology expertise and consulting services such as business case analysis, feasibility analysis and requirements definition;
- development, implementation and testing of systems, backup and disaster recovery plans; and
- representing the department in matters relating to government-wide information technology initiatives.

In 2005/2006, the branch maintained the following systems in a continuous state of full operational serviceability:

- the Taxation Division's Revenue Accounting and Collection systems;
- the Comptroller Division's historical and several non-SAP financial systems;
- the Insurance and Risk Management branch's Property Management and Insurance and Risk systems;
- the Tax Assistance Office's Homeowner Tax Assistance Audit system; and
- the Manitoba Finance Intranet site;

In addition, the branch provided:

- support of the Integrated Taxation System;
- technological support to Treasury Division; and
- support of the integrated processing system for the Farmland School Tax Rebate program.

3 (b) Information Technology Services

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	538.9	6.85	552.8	(13.9)	
Other Expenditures	72.7		93.0	(20.3)	
Total Sub-Appropriation	**611.6**	**6.85**	**645.8**	**(34.2)**	

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to, and disbursements from, the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares its financial statements, including summary financial statements reflecting the consolidation of the financial operations included in the government reporting entity that are integral to the overall operations of government in performing its executive function.

The branch performed direct deposit for government payrolls that included 419,945 direct deposits and issued 1,138 payroll cheques, with adherence to all deadlines and all related laws, regulations and policies.

The branch also released 448,674 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments. Approximately 50,000 of this total were direct deposit payments to vendors.

Processing and collection of amounts owing to the government for shared-cost agreements were completed on a timely basis. Quarterly financial report statements of the government were issued in accordance with established timetables and accounting policy. Annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with *The Financial Administration Act*. The summary financial statements of the government represented by Volume 1 of the Public Accounts and the more detailed financial statements, schedules and reports of the consolidated fund represented by Volumes 2 and 3 of the Public Accounts, were all released September 8, 2005. Volume 4 of the Public Accounts, which represents the detailed financial statements of the funds, organizations, agencies and enterprises included in the government reporting entity, was produced and released on July 26, 2006.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,090.4	42.00	2,432.2	(341.8)	
Other Expenditures	1,193.6		885.2	308.4	1
Less: Recoverable from Other Appropriations	(520.1)		(510.0)	(10.1)	
Total Sub-Appropriation	**2,763.9**	**42.00**	**2,807.4**	**(43.5)**	

1. *Over expenditure is essentially due to office renovations and consulting costs related to the transition to Summary Budgeting and Reporting.*

Financial Systems Support

The Financial Systems Support branch supports the core business requirements of the government by providing leadership and financial systems expertise to departments and central agencies in the implementation of redesigned business processes in the areas of financial, cost and budget management, payroll and benefits, organizational restructuring, policy and legislated changes.

In partnership with client departments and other corporate organizations, the branch:

- manages, configures and tests systems improvements and enhancements, specific to or affecting the government-wide integrated finance/procurement and human resource/payroll management system (SAP);
- provides analysis and advice to departments on the design of program specific financial and management systems, specifically as it impacts government-wide results;
- participates in government-wide initiatives in support of the Comptroller's legislative mandate of evaluating accounting and financial management systems throughout government; and
- participates in the review and planning to ensure the SAP system is maintained at a current level in order to be responsive to new business needs.

In 2005/2006, 133 system changes and projects were jointly managed and successfully deployed. Projects and system changes included reports, interfaces, configuration and customization. Of these, 24 were to resolve end-user problems and minor enhancements, 79 were mandatory changes as a result of collective agreement changes, policy and legislation and 30 were significant enhancements to SAP and department-specific systems and process improvements.

Significant initiatives undertaken in 2005/2006 included:

- working with Treasury Board Secretariat and Civil Service Commission to improve reporting for Human Resources Management, Position Management and Staffing Complements;
- implementation of a new pension plan for Legislative Assembly;
- implementation of a new policy for Worker's Compensation payments;
- working with Conservation to implement the Cottage Lot draw;
- working with Culture, Heritage and Tourism to implement Media and Production buying;
- working with Finance, Transportation and Government Services and Conservation to implement "half year" rule for calculating amortization and rule for calculating interest on all capital assets;
- implementation of new Business Area for Travel Manitoba;
- working with consultants to provide "fit gap" analysis of Legacy Systems in a number of departments and assess applications for SAP "fit" ;and
- working with Transportation and Government Services to review their plans to implement Real Estate Management in SAP.

3 (d) Financial Systems Support

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	693.0	10.00	825.5	(132.5)	1
Other Expenditures	80.5		107.9	(27.4)	
Total Sub-Appropriation	**773.5**	**10.00**	**933.4**	**(159.9)**	

1. *Under expenditure is due to position vacancies*

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Activities of the branch in 2005/2006 included:

- Completion of 43 audits during the year (49 in 2004/2005), based on assignments greater than 100 hours;
- Annual reports, summarizing the audit activities for the year and the audit plan for the upcoming year, were prepared for each department; and
- Participation in the Institute of Internal Auditors and Information System Audit and Control Association boards and activities.

3 (e) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,603.7	24.50	1,836.9	(233.2)	
Other Expenditures	174.8		195.4	(20.6)	
Total Sub-Appropriation	**1,778.5**	**24.50**	**2,032.3**	**(253.8)**	

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring proper revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Gasoline Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Motive Fuel Tax Act
The Retail Sales Tax Act
The Tax Administration and Miscellaneous Taxes Act (previously The Revenue Act)
The Tobacco Tax Act
The continuing phase-out of the *Manitoba Succession Duty and Gift Tax Acts*

Actual revenues for the 2005/2006 fiscal year under the Taxation Acts noted above as well as for the Mining Claim Tax and Environmental Protection Tax, were $2,185,849,100 which fell short of estimated revenues by $28,222,900.

The major variances from the estimate are as follows:

- Retail Sales Tax revenue exceeded the estimate by $16,652,300 due to higher than estimated economic growth and increased activity in the construction industry.
- Mining Tax revenue fell short of the estimate by $18,008,400 resulting from a reduction in the mineral extraction plan by a major Manitoba mining company, higher than expected capital expenditure deductions, and fluctuations in world base metal prices.
- Tobacco Tax revenue fell short of the estimate by $12,062,600 due to an increase in refunds paid to retailers on the First Nation reserves that sell tax-out tobacco, as well as reduced tobacco consumption.
- Corporation Capital Tax revenue fell short of the estimate by $35,333,300 due to tax credits resulting from excess instalments and lower tax payable by financial institutions reflecting a reduction in taxable capital.

Comparative Statement of Actual Revenues ($000s)

For Fiscal Years Ending March 2002 to March 2006

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Corporation Capital Tax	132,431.6	139,340.1	139,049.1	165,850.6	132,166.7
Gasoline Tax	156,590.1	161,118.3	161,856.2	154,087.3	152,466.1
Levy for Health and Education	244,415.8	257,281.8	267,816.7	287,019.6	303,055.3
Succession Duty and Gift Tax	358.9	142.2	7.9	114.5	2.6
Mining Claim Lease Tax	71.2	71.1	71.3	71.0	71.1
Mining Tax	9,357.1	17,541.1	21,895.0	40,826.2	39,191.6
Motive Fuel Tax	66,281.0	70,131.9	71,308.0	80,780.8	83,538.8
Retail Sales Tax	965,559.8	1,006,583.5	1,064,239.4	1,125,429.0	1,197,452.3
Tax Administration and Miscellaneous Taxes Act, Part 1.1 *	65,923.8	71,071.8	71,193.1	74,359.7	82,971.3
Tobacco Tax	138,301.9	180,508.6	190,289.2	203,465.5	191,637.4
Environmental Protection Tax	3,399.6	3,212.7	3,237.6	3,247.0	3,295.9
Total	1,782,690.8	1,907,003.1	1,990,963.5	2,135,251.2	2,185,849.1

* *Previously The Revenue Act, 1964, Part 1*

Management and Research

The Management and Research branch ensures the effective management and application of provincial Taxation Statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches and providing necessary information and interpretations to taxpayers and to businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and provide options to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches, and to co-ordinate the efforts of all three branches on the implementation of new programs.

Activities undertaken by the branch during the year include the following:

- provided the Minister of Finance and the Deputy Minister with options for changes in legislation and policy, evaluated the administrative and revenue implications of changes being considered by the government and implemented the changes as directed;
- prepared official communications, including ministerial responses regarding taxation matters;
- related with other departments, jurisdictions, businesses that collect the taxes, taxpayers and associations on taxation matters;
- prepared financial forecasts and analyses in order to assist in strategic taxation planning;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- developed and implemented new taxation policy and administration procedures and informed Taxation Division staff and the taxpayer community;
- researched and developed tax interpretations and bulletins to inform businesses of the tax requirements;
- liaised with Canada Revenue Agency (CRA) and other jurisdictions on co-operative information exchanges, joint compliance initiatives and other taxation administration and management issues;
- continued participation in the Integrated Tax System project to enhance public services;
- developed additional bilingual forms and information bulletins on the Taxation Division website;
- participated in the development of the department's business plan;
- researched and developed the consolidation of the administrative and compliance provisions of the eight tax statutes; and
- initiated the development of a refund limit regarding First Nation reserves that were on a tax exempt tobacco program.

The results obtained during 2005/2006 include:

- revenues collected as imposed by the taxation acts;
- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the government were developed on a timely basis;
- new legislation implemented on time and in an efficient and effective manner;
- official communications were prepared in a timely manner;

- key information bulletins developed and/or updated and made available on the internet;
- financial forecasts and analyses prepared in a timely manner;
- Taxation Division's resources effectively and effjciently controlled and utilized; and
- taxpayer queries answered in a timely manner, promoting self-compliance.

4 (a) Management and Research Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,306.7	19.50	1,329.7	(23.0)	
Other Expenditures	162.5		164.9	(2.4)	
Total Sub-Appropriation	**1,469.2**	**19.50**	**1,494.6**	**(25.4)**	

Taxation Administration

The Taxation Administration branch facilitates the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and provides information to taxpayers.

The staffing complement for the 2005/2006 fiscal year was 74 staff positions. The branch is production-oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of $2.2 billion in tax revenues annually from the Taxation Acts administered by the Taxation Division, as well as *The Mining Claim Tax* and *The Environmental Protection Tax*.

The major objectives of this branch are:

- accurate processing of tax revenue received;
- providing an effective and efficient tax gathering system;
- training and development of staff;
- ensuring tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds with minimum delays;
- promote essential tax information to the taxpayer; and
- to effectively reduce outstanding tax arrears and delinquent tax returns.

Activities undertaken by the branch during the year included the following:

- provided field services to taxpayers on tax interpretations, remittance procedures, licensing and other requirements of the Acts and Regulations;
- collection of outstanding tax arrears and delinquent tax returns were actioned with a view to minimizing losses;
- ensured taxation data bases were promptly updated and accurately reflected the current status for each taxpayer;
- ensured remittance forms were produced and mailed at the required times to ensure tax revenues are received in a timely fashion;
- ensured refunds of tax were accurate and were produced with a minimum of delay;
- ensured fuel sampling was conducted to provide compliance with legislation;
- maintained filing systems to provide the necessary historical data on each taxpayer as required by all areas within the Taxation Division;
- recommended related policy change options and possible amendments to the Acts;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;

- recorded and transmitted to the Tire Stewardship Board on a monthly basis, the tire levy collected on behalf of the board; and
- participated in the integrated taxation systems project working toward integration of the Taxation statutes and single window access by taxpayers.

The results obtained during 2005/2006 include:

- proper recording and collection of taxes imposed by the Acts;
- maintenance of an effective and efficient tax-gathering system; and
- taxpayers and the general public provided with information necessary to comply with the statutes.

The Taxation Statutes for which the Taxation Administration branch is responsible are as follows:

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, or brought into the province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. Exemptions are provided for basic groceries, children's clothing and footwear up to $150 per item, prescription drugs, farm implements, books, toll free line charges, commercially operated aircraft, custom developed software and custom computer programming, sanitary napkins and for certain other items.

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on an employer's total annual gross remuneration paid to their employees. Employers whose total annual gross remuneration paid to their employees is less than $1,000,000 are exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeds $1,000,000 but is less than $2,000,000 pay tax on the portion over $1,000,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeds $2,000,000 pay tax at a rate of 2.15%.

The Corporation Capital Tax Act

This Act levies a tax on the paid up capital of a corporation. Paid up capital is generally represented by capital stock, surpluses, reserves, loans and indebtedness of the corporation. A $5 million deduction is provided for corporations or a group of associated corporations. The tax rate is 0.3% of the taxable paid up capital with an additional 0.2% surtax on the taxable capital in excess of $10,000,000. Banks, trust and loan companies are taxed based on their shareholder equity and subordinated debt at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, gasohol, aviation gasoline and propane subject to certain exemptions (tax exempt fuel eligible for farming, fishing, trapping, logging and the cargo component of international aircraft flights).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under *The Gasoline Tax Act*, subject to certain exemptions (tax exempt fuel eligible for farming, fishing, trapping, logging, segments of the mining industry, domestic home heating and international ocean going vessels). The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a tax return which accounts for all jurisdictions travelled. The branch is responsible for verifying the returns and either issue recovery notices or refunds to other IFTA member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

The Tax Administration and Miscellaneous Taxes Act *(previously The Revenue Act)*

Part 1 contains the consolidation of the general administration and enforcement provisions for the statutes administered by the Taxation Division.

Part 1.1 imposes a 7% tax (before GST) on the purchase price of electricity, coal, and natural and manufactured gas delivered by a pipeline. Special exemptions are provided for the heating of domestic dwellings and farm buildings. The tax rate for electricity used directly for qualified manufacturing and mining is 1.4%.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations.

Operational Results

Operational results for the 2005/2006 fiscal year include 51,529 registered vendors, collectors and deputy collectors and 316,590 returns generated per annum.

The Administration branch also processed 16,031 refunds (representing $72,742,000) and chargeback's (representing $1,786,661).

As at March 31, 2006, there were service stations operating on 38 reserves with 63 retailers who had entered into an agreement with the province to provide tax-free fuel to Status Natives. A total of $6,586,128 representing 1,900 claims was disbursed under this program during the 2005/2006 fiscal year for both diesel and gasoline fuel. In addition, 14 northern reserves acquire bulk fuel through collectorship arrangements.

In the 2005/2006 fiscal year, the Manitoba government had established agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to Status Natives on reserves. As at March 31, 2006 there were 52 Indian Bands with agreements and 7 Indian Bands on an alternate tax exempt program. A total of $29,583,673 representing 1,518 claims was disbursed under these programs during the fiscal year.

Collections

The Collections and Field Services section is responsible for the collection of all outstanding taxes and delinquent returns, statute interpretation and taxpayer compliance with the various statutes administered by the Taxation Division. This is accomplished by telephone contact, enforcement action, visits, examination of records, fuel sampling programs and the review of bulk fuel plant operations.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	3,326.7	74.00	3,580.0	(253.3)	
Other Expenditures	4,093.9		3,096.9	997.0	1
Total Sub-Appropriation	**7,420.6**	**74.00**	**6,676.9**	**743.7**	

1. *Over expenditure is primarily due to an increase in the provision for doubtful accounts for taxation receivables deemed uncollectible.*

AUDIT

The Audit branch ensures that all taxes administered by the Taxation Division are remitted to the province through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** is responsible for conducting audits of taxpayers under various taxation statutes administered by the Taxation Division
- **Audit Review** is responsible for the quality review of audit files, workload development, file selection, taxpayer appeals and the development of audit policies and procedures
- **Investigations** is responsible for gathering evidence, the investigation of violations and the laying of charges under the taxation statutes administered by the Taxation Division and
- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsibility for all audit functions as well as investigations in Western Manitoba and provides taxpayer information services for areas outside Winnipeg

The major objectives of this branch are to:

- develop an efficient and effective audit program focused on high risk areas and throughout the cross-section of industries;
- develop an efficient and effective investigation program where violations under the taxation statutes are detected;
- provide accurate information in a timely manner to businesses relating to tax interpretation of the taxation statutes; and
- develop branch policies and procedures which ensure fair and consistent tax application to all businesses and which improve branch efficiency and effectiveness.

Activities undertaken by the branch during the year include the following:

- conducted audits under the various statutes to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- issued various policies and procedures to all staff to assist in the performance of audits and investigations;
- participated in the development of legislation and regulations;
- conducted training sessions for the staff of the Audit branch on new policies and procedures issued, on the operation of laptop computers and on legislative amendments under various taxation statutes to aid audit staff in the performance of audits;
- participated with Canada Revenue Agency, Canada Border Services Agency and other provinces to develop co-operation and implement exchange of information on audits and investigations;
- conducted audits and reviews of the fuel and tobacco tax exemption systems for First Nations people;
- as part of the Canadian Fuel Tax project:
  - participated in a steering committee for the project - which is working on common definitions, forms, fuel marking standards, legislation, co-operation at border points, etc.; and
  - participated in the Enforcement Committee – which is endeavouring to establish protocols between jurisdictions and the industry for the exchange of intelligence information for enforcement on a national basis and to identify operational audit and enforcement best practices to detect fuel tax evasions;
- as part of the Canadian Tobacco Tax Steering Committee participated in the steering committee and sub-projects – which is working to establish a mechanism through which all jurisdictions can share best practices, promote communication of ideas and propose alternative solutions to common problems related to the administration of Tobacco Taxes;
- participated in the national Marking and Stamping Committee for Tobacco enforcement to develop, in concert with industry and other government, secure methods of marking tobacco products;
- participated in the Departmental Renewal Committee and undertook renewal initiatives in the Audit branch;

- conducted audits of tire vendors on behalf of the Tire Stewardship Board;
- conducted fuel sampling in the Westman and other rural areas to detect the improper use of tax exempt dyed fuel;
- conducted audits of taxpayers using computer-assisted audit techniques and software;
- provided direct support to numerous taxpayers in person and by telephone through the Westman Regional Offices, in the form of information on taxation statutes, applications for registration, International Fuel Tax Agreement (IFTA) applications as well as receiving monthly returns and payments;
- continued training staff in IFTA audit programs, computer software and hardware, continued conducting IFTA audits and roadside enforcement of IFTA provisions;
- developed and implemented audit programs for the International Registration Program (IRP) and Pro-Rate Vehicle Tax (PVT), trained staff and conducted IRP and PVT audits;
- increased awareness of tax evasion and the underground economy with managers of investigative bodies of provincial government and Crown corporations by arranging meetings to exchange information;
- developed, implemented and monitored management performance action plans;
- participated in various conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging audit and investigative information and to ensure that the Audit branch is informed on developments in other taxing jurisdictions;
- participated in joint force investigations with Federal agencies and other provinces regarding Tobacco Tax, Retail Sales Tax, Gasoline Tax, Motive Fuel Tax and IFTA; and
- drafted communications for the Minister, Deputy Minister and the Assistant Deputy Minister of Finance.

The results obtained during 2005/2006 include:

- conducted audits which recovered tax not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- responded to taxpayer queries in a timely manner; and
- policies and procedures developed and/or updated.

Audit		
Completed refunds		391
Completed files		1,362
Audit recoveries	$	27,181,900
Investigations		
Completed files		303
Charges		280
Convictions		161
Fines	$	75,576
Recoveries	$	273,131
Audit Review		
Audit files reviewed		504
Reviewed Notices of Assessments		72
Appeals reviewed (In progress 31; Completed 15)		46

4 (c) Audit

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	5,470.1	89.00	5,790.3	(320.2)	
Other Expenditures	852.4		1,037.8	(185.4)	1
Total Sub-Appropriation	**6,322.5**	**89.00**	**6,828.1**	**(505.6)**	

1. *Under expenditure is due to reduced legal costs and reduction in general operating expenditures as a result of position vacancies.*

Tobacco Interdiction

The Tobacco Interdiction program protects the revenues of the government under *The Tobacco Tax Act.* This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The Tobacco Interdiction program is made up of a combination of staff seconded from the Investigations group and the hiring of investigators and auditors on a casual/term basis specifically for this program.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs which detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Activities undertaken under this program during the year included the following:

- participated in investigations with the RCMP, Canada Revenue Agency (CRA), Canada Border Services Agency (CBSA) and Winnipeg Police Service of contraband tobacco violations;
- liaised with counterparts in the Departments of Finance in Saskatchewan, Alberta and British Columbia on a regular basis to co-ordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada;
- liaised with counterparts in the Departments of Finance in Eastern Canada to solicit their assistance and co-operation in the tobacco interdiction program;
- developed policies, programs, procedures and information for taxpayers which result in the most efficient and effective utilization of resources to achieve compliance;
- recommended related policy change options and possible amendments to the Acts, evaluated the implication of changes being considered by the government and implemented the changes as directed;
- conducted audits of tax collectors and taxpayers relating to the smuggling of tobacco products and other violations of the Act;
- prosecuted tax evaders;
- liaised with law enforcement agencies, including Winnipeg Police Service, CBSA, RCMP, Ontario Provincial Police, Brandon Police Service, Kenora Police Force, Department of Homeland Security - U.S. Customs and Border Protection and Department of Justice - U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives;
- liaised with the Winnipeg Police Service Airport Detachment to assist in detection and prosecution of contraband shipments of tobacco by air;
- maintained a program of interaction with the transportation industry;
- continued to co-operate with other provincial agencies and Crown corporations in assisting investigations into tobacco smuggling;
- trained and developed staff;
- continued to refine management performance action plans; and
- responded to media requests for information on the interdiction program.

The results obtained during 2005/2006 include:

- maintained an effective tax gathering system which protects revenues under *The Tobacco Tax Act;*
- conducted audits which recovered taxes not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders; and
- responded to taxpayer queries in a timely manner.

Tobacco Interdiction *

Completed files		132
Charges		9
Convictions		3
Fines	$	1,415
Recoveries	$	101,842

* In addition, staff in the Audit branch are also involved in Tobacco Interdiction investigative duties.

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	424.8	10.00	635.4	(210.6)	1
Other Expenditures	197.7		251.5	(53.8)	
Total Sub-Appropriation	**622.5**	**10.00**	**886.9**	**(264.4)**	

1. *Under expenditure is due to reduced overtime costs and position vacancies.*

FEDERAL-PROVINCIAL RELATIONS AND RESEARCH DIVISION

The Federal-Provincial Relations and Research Division is comprised of the Economic and Federal-Provincial Research unit and the Manitoba Tax Assistance Office.

The major areas of responsibility include intergovernmental fiscal relations, economic and fiscal policy analysis and tax policy formulation. Accordingly, the division is comprised of an Administrative Unit and three branches:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch; and
- Taxation Analysis branch, which is also responsible for the Tax Assistance Office.

The division's senior staff consists of an Assistant Deputy Minister, the directors of the three branches and the assistant director of the Taxation Analysis branch.

The division's primary goals are:

- to provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations, including cost-shared programs;
- to administer fiscal arrangements and tax collection agreements with the federal government and to administer tax credit programs with the federal government and municipalities; and
- to provide government-wide analytical support to inter-departmental working groups, task forces, etc.

Economic and Federal-Provincial Research

The major functions fulfilled by Economic and Federal-Provincial Research are:

- providing the government with research and technical support with respect to national and provincial fiscal and economic matters and intergovernmental financial relations, and fulfilling the department's specific economic and fiscal information requirements;
- providing advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies;
- co-ordinating the development during each budget process and throughout the year of the province's medium-term revenue projection;
- serving as the principal administrative unit of the province for *The Income Tax Act* (Manitoba), *The Federal-Provincial Fiscal Arrangements Act* and the Tax Collection Agreement with the federal government;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- supporting provincial policy, and advancing provincial fiscal interests while representing the province in various meetings and committees;
- co-ordinating the fiscal and taxation analysis necessary for the Minister and Cabinet to develop the Budget and co-ordinating the production of the Budget and related documents; and
- administering tax credit programs with the federal government and municipalities.

Intergovernmental Finance

The Intergovernmental Finance branch includes five staff positions.

The branch director and staff undertake ongoing monitoring and analysis of federal transfer payments in respect of major social programs including health care, higher education and social services, as well as Equalization, other transfer programs and some aspects of provincial/local government fiscal arrangements. The branch also prepares projections of federal transfer payments as input into the province's medium-term revenue projection and fiscal plan.

Total provincial revenues governed by Federal-Provincial fiscal arrangements and administered by the branch in 2005/2006 included: $1,601.0 million in Equalization payments; $1,057.9 million in cash payments for major social programs; $2.3 million in respect of the Government of Canada Subsidy; and $48.9 million representing 50% of the province's allocation in respect of the federal government's commitments under Bill C-48. The final determination of the amount that the province is to receive under Bill C-48 is dependent on audited financial results for the federal government for the 2005/2006 fiscal year.

The branch director and staff represent the province at Federal-Provincial-Territorial and Provincial-Territorial meetings and on working groups on fiscal arrangements, the Canada Pension Plan, aboriginal and other Finance issues. In addition, the branch also provides support to the Federal-Provincial Relations Secretariat of the Executive Council and participates with other ministries and participants in various intergovernmental working groups.

Revenue from Federal-Provincial Fiscal Arrangements ($000s)
For Fiscal Years Ending March 2002 to March 2006

	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
Income Taxes					
Individual Income Tax *(1)*	1,716,785.9	1,695,045.9	1,778,583.1	1,845,099.1	1,948,853.9
Corporation Income Tax *(1)*	331,029.1	184,126.4	313,234.6	401,925.1	373,568.7
Subtotal	2,047,815.0	1,879,172.3	2,091,817.7	2,247,024.2	2,322,422.6
Federal Transfers					
Equalization	1,399,151.0	1,337,625.0	1,413,790.0	1,699,483.8	1,601,018.0
Canada Health Transfer (CHT) *(2)*	294,651.4	325,073.5	324,042.4	684,767.3	733,313.4
Canada Social Transfer (CST) *(2)*	390,584.4	430,911.5	429,544.6	307,547.9	324,551.6
Health and CHST Supplement	-	-	163,882.5	-	-
Bill C-48	-	-	-	-	48,900.0
Government of Canada Subsidy	2,315.6	2,247.3	2,272.1	2,283.6	2,283.7
Subtotal	2,086,702.4	2,095,857.3	2,333,531.6	2,694,082.6	2,710,066.7
Total from Fiscal Arrangements	4,134,517.4	3,975,029.6	4,425,349.3	4,941,106.8	5,032,489.3

(1) *Adjustments have been made to income tax revenues for 2001/2002 through to 2004/2005 in regard to the Provincial Municipal Tax Sharing payments to be consistent with the presentation of the Building Manitoba Fund in 2005/2006.*

(2) *2001/2002 through to 2004/2005 revenues have been restated for comparative purposes to reflect the decision of the federal government to split the CHST into separate transfers in respect of health (CHT) and other social programs (CST)*

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes four staff positions.

The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and estimates preparation.

The branch monitors and reviews a wide variety of private sector and public sector analyses and forecasts, and maintains an extensive information base in order to meet its objective.

The branch director and staff represent the province on Federal-Provincial committees and working groups and provide economic analytical support for Finance Ministers' and First Ministers' meetings. As well, the branch provides inter-departmental co-ordination of economic analysis through the Inter-departmental Economic Outlook Group.

The branch prepares the Economic Review presented with the Budget. It co-ordinates the multi-year fiscal projections including the province's medium-term revenue projection, by working closely with staff of the Intergovernmental Finance and Taxation Analysis branches. The branch also monitors the federal government's fiscal situation and prospects.

An important and ongoing task of the branch is to prepare major components of provincial borrowing prospectuses and securities registration with regard to economic and financial data, and to represent the province in "due diligence" examinations of borrowing documents. A related task is to prepare major presentations and publications for financial institutions and credit-rating agencies.

The branch also responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba. It also maintains current economic data and commentaries on the Manitoba Finance Web site.

Taxation Analysis

The Taxation Analysis branch has eight staff positions assigned with a further eight staff positions in the Manitoba Tax Assistance Office.

The Taxation Analysis branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through Budgets, legislation and agreements, the most significant being the Canada-Manitoba Tax Collection Agreement respecting income taxation.

The branch is responsible for analyzing the fiscal and economic effects of tax measures and proposals. This work entails participation in the relevant Federal-Provincial working groups, representing the province at various Federal-Provincial meetings, and providing advice for ministerial meetings.

Total provincial revenue from income taxes administered by the branch in 2005/2006 amounted to $1,948.9 million in individual income tax and $373.6 million in corporation income tax.

The branch supervises the Tax Assistance Office and the tax and related programs administered by that office. These programs benefit approximately 500,000 Manitobans annually. The Manitoba Tax Assistance Office provides information and assistance to Manitobans in completing the provincial portion of their income tax returns as well as handling general inquiries respecting Manitoba income tax and tax credits.

Net Tax Credit Payments

10 Net Tax Credit Payments					
Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Manitoba Education Property Tax Credit	181,061.2		182,536.1	(1,474.9)	
Personal Tax Credit	48,483.4		48,760.8	(277.4)	
Pensioners' School Tax Assistance	2,457.1		2,661.9	(204.8)	
Political Contribution Tax Credit	1,181.9		547.1	634.8	
Environmentally Sensitive Areas Tax Credit	5.6		75.0	(69.4)	
Federal Administration Fee	985.4		959.5	25.9	
Less: Recoverable from Education, Citizenship and Youth:					
Manitoba Education Property Tax Credit	(181,061.2)		(182,536.1)	1,474.9	
Pensioners' School Tax Assistance	(2,457.1)		(2,661.9)	204.8	
Total Sub-Appropriation	**50,656.3**		**50,342.4**	**313.9**	1

1. *Net over expenditure is primarily due to final prior year adjustments based on actual income tax returns processed for the 2004 taxation year and increased Political Contribution Tax Credit resulting from the election cycle and legislative changes at the provincial level.*

Administrative Unit

This unit, with a staff of three, provides administrative support, word processing, library and filing services, budget and cash flow analysis and research support to the Assistant Deputy Minister and the branches of the division.

Results:

- The Minister and Cabinet are provided with timely and accurate information with regard to major fiscal, economic and taxation issues, including intergovernmental implications.
- Preparation and delivery of necessary reports and presentations to facilitate the conduct of the province's fiscal affairs, including support for the borrowing program.
- Benefits to Manitoba from fiscal arrangements are maximized.
- The division's financial status is closely monitored proactively and issues are brought to the attention of the Assistant Deputy Minister as necessary.

5 (a) Economic and Federal-Provincial Research					
Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,507.1	21.25	1,656.8	(149.7)	
Other Expenditures	1,197.9		1,123.2	74.7	
Total Sub-Appropriation	**2,705.0**	**21.25**	**2,780.0**	**(75.0)**	

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Manitoba Income Tax and tax credit programs for residents of Manitoba;
- administering all elements of the Manitoba Education Property Tax Credit Advance program;
- enforcing the provisions of the legislation governing Manitoba Income Tax and Manitoba tax credit programs including recovery of ineligible claims;
- administering Tax Rebate Discounting;
- administering the Riparian Tax Credit program;
- administering elements of the Cooperative Education Tax Credit program; and
- administering the 2004 Farmland School Tax Rebate program.

The major activities include:

- providing information to taxpayers claiming any of the above programs and administering these programs with Canada Revenue Agency;
- responding to enquiries and processing benefit applications; and
- contacting individuals to recover ineligible amounts claimed under Manitoba Income Tax and Tax Credit legislation.

Results:

Residents of Manitoba receive benefits to which they are entitled under the *Manitoba Income Tax Act.*

5 (b) **Manitoba Tax Assistance Office**

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	331.6	7.00	336.2	(4.6)	
Other Expenditures	89.3		130.9	(41.6)	1
Total Sub-Appropriation	**420.9**	**7.00**	**467.1**	**(46.2)**	

1. *Under expenditure is due to lower advertising and administration costs related to the Riparian Tax Credit program.*

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to Treasury Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing, and reporting on the financial position of the province;
- planning and co-ordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- co-ordinating expenditure management, continuous improvement, planning and program performance measurement processes for government;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- providing guidance to departments in the identification of potential special operating agency (SOA) candidates and in the development of proposals and business plans as well as monitoring and reporting on the operation of special operating agencies;
- representing the government and department management in all labour relations and compensation activities within the civil service as well as providing specialized consulting services respecting labour relations and compensation matters within the public sector; and
- providing central administrative services to government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies.

The 2005/2006 Estimates of Expenditure and Revenue were tabled in the Legislature with the 2005 Manitoba Budget on March 8, 2005.

Fiscal Planning Office

The Fiscal Planning Office (FPO) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. The FPO develops, implements and co-ordinates the annual estimates process and finalizes the estimates of expenditure and revenue for tabling in the Legislature. The FPO prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

The FPO is also responsible for monitoring the fiscal status of the government and preparing reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs.

Analytical Units

The three analytical units are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective, efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Planning Office.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies. They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units provide ongoing advice and analysis to Treasury Board by reviewing departmental Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Expenditure Management and Continuous Improvement

This unit is responsible for co-ordinating a range of activities regarding expenditure management and internal service improvement. This work includes co-ordinating the Priorities and Strategies Overview component of the annual estimates process, conducting program reviews of selected program areas, and co-ordinating performance reporting activities.

The unit also includes the Administrative Policy Office which develops, interprets and evaluates government-wide administrative policies, which are communicated in the General Manual of Administration (GMA).

Results
In June 2005, the first overall government performance document was released, entitled *Reporting to Manitobans on Performance: 2005 Discussion Document.* Performance measures were provided in sixteen key indicator areas. In addition, the Priorities and Strategies Overview component of Estimates was revised to focus more on the performance measures planned by each department.

Summary Budgeting and Capital Planning

This unit, jointly with the Comptroller's Division, works with organizations included in the Government Reporting Entity to enable the Government of Manitoba's transition to Summary Budgeting and Reporting. This transition reflects government's commitment to change the primary focus of the budget process and financial reporting processes to the broader public sector, or Government Reporting Entity for 2007/2008. This unit is also responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process related to capital projects and capital expenditures, and for the continued development and support of a multi-year capital planning process.

Co-ordination of Special Operating Agencies

The *Special Operating Agencies Financing Authority Act* received Royal Assent on June 24, 1992 and provides for the establishment of special operating agencies (SOAs). Special operating agencies are service operations, which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and achieve cost-savings for government. The Co-ordinator of Special Operating Agencies is responsible for providing guidance to departments in identifying potential special operating agency candidates and in developing proposals and business plans that are reviewed within the annual estimates process.

In 1992/1993, Fleet Vehicles Agency was established as the first SOA in Manitoba and at the provincial level in Canada. In 2005/2006, the complement of SOAs was sixteen and achieved over $142 million in revenue for government. The SOAs continue to provide cost effective services for government and other clients. Further information on the operation of the SOAs is provided in the Annual Report for the Special Operating Agencies Financing Authority and for each agency.

Labour Relations

Compensation Services

Compensation Services provided a complete range of services related to administration of the province's job classification program, employee benefits programs and compensation research to support the collective bargaining process and human resource policy development. Service is provided to Treasury Board, Government negotiators, human resource practitioners and department managers. Service is also provided to external public sector organizations requiring advice, information or interpretation of civil service compensation policies and practices. The branch represents government in negotiations with employee representatives to amend the Civil Service Superannuation Plan, the Public Service Group Insurance Plan and the Teachers Pension Plan.

Results
Support in the form of research and costing of bargaining proposals was provided to negotiation services related to the negotiation and implementation of various collective agreements.

The Regulation under the Civil Service Superannuation Plan was amended to include several organizations not previously covered by the Plan.

Compensation and benefits information databases were maintained and expanded, and information exchanged with a variety of local and national employers. A number of policies were updated to reflect current compensation policy and practice within the organization.

A total of 700 classification assessments were completed including implementation of 3 new or updated classification series. Classification delegation audits were completed for scheduled government departments and classification training was presented to managers and human resource practitioners.

A Voluntary Reduced Work Week (VRW) Program which allowed employees to take up to 15 days of leave without pay was successfully implemented.

Benefits Administration

The Benefits Administration branch is responsible for providing central administrative services for government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and human resource policies. Benefit programs include the Ambulance and Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drugs, Extended Health, Long-Term Disability (LTD) and the Health Spending Account. The branch also provides advice to government departments and other public sector organizations with respect to the application of benefits programs.

Workers Compensation Board (WCB) costs from government departments and agencies are managed through Benefits Administration branch. Financial information for statutory benefit and insurance programs including Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance Plan, Employment Insurance, and the Levy for Health and Post-Secondary Education is compiled through the branch. Additionally, the branch is responsible for co-ordinating the budgeting and financial reporting activities related to Employee Pensions, benefits and other salary related costs.

Results
The branch provided administrative support and disability management services for LTD plan recipients and monitored accommodation issues related to redeployment of employees on medical grounds. During the 2005/2006 fiscal year 26 employees who had been on LTD were returned to work. As of March 31, 2006, 261 individuals were in receipt of LTD benefits. All agreements with service providers were updated and re-issued.

Negotiation Services

Negotiation Services provides a complete range of labour relations services to government by representing management in labour relations activities involving both unionized and non-unionized employees. These activities include negotiation of collective agreements with various bargaining agents representing government employees, administration of collective agreements, and providing labour relations assistance respecting non-union employees. The branch also provides upon request labour relations services to Crown corporations and government-funded agencies.

Results

The branch represented the province in the Judicial Compensation Committee hearings held in 2005 regarding pay and benefit provisions for Provincial Court Judges. In addition, negotiations and mediation were undertaken respecting the renewal of the Winnipeg Child and Family Services/CUPE collective agreement that expired December 31, 2004.

Contract Administration

Negotiation Services provides support and guidance to management concerning the implementation and interpretation of collective agreements. Services include providing counsel on proposed actions concerning labour relations issues in the workplace. As part of this responsibility, the branch co-ordinates grievance and arbitration activities on behalf of government and conducts training sessions for managers and human resources officers regarding their rights and responsibilities in managing under a collective agreement.

Results

The branch successfully represented the Government and a number of Crown agencies before boards of arbitration concerning several rights issues involving both contract interpretation as well as discipline and dismissal matters. In addition, staff managed the interests of the province before the Manitoba Human Rights Commission on a number of human rights cases and before the Manitoba Labour Board on a number of jurisdictional issues. Staff continued to conduct a series of training sessions for line managers and human resource professionals on the topics of "Grievance and Discipline Handling" and "Managing Under a Collective Agreement".

7 Treasury Board Secretariat

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	4,696.2	64.60	5,285.6	(589.4)	1
Other Expenditures	920.1		810.1	110.0	
Total Sub-Appropriation	**5,616.3**	**64.60**	**6,095.7**	**(479.4)**	

1. *Under expenditure is due to delay in filling vacant positions.*

CONSUMER AND CORPORATE AFFAIRS DIVISION

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, regulates utilities and maintains registries of vital events and of interests in land and personal property.

Administration and Research

Administration and Research is comprised of three programs; the Assistant Deputy Minister's office, Research and Planning, and Administrative Services and Information Technology Support. All three programs provide support to the Consumer and Corporate Affairs Division.

Mandate

- Provides overall direction to the Consumer and Corporate Affairs Division
- Assesses the need for new or amended legislation and co-ordinates the development of legislation and other responses to marketplace problems
- Investigates marketplace issues and assesses alternative responses to them
- Provides support for the division's financial systems, information technology activities and budget processes

Results

- Co-ordinated the development of legislation to:
  i. regulate payday loans;
  ii. establish a maximum amount that can be charged to cash a government cheque; and
  iii. amend *The Corporations Act*.
- Supported the Minister and Deputy Minister with regard to continued work on securities regulatory reform, including implementation of phase 1 of the passport system and amendments to *The Securities Act* to harmonize and streamline with the other provinces and provide tools for phase 1 of the passport system.
- Consulted with lenders, lawyers, Chambers of Commerce, Canadian Federation of Independent Business, Manitoba Society of Seniors, Consumers Association of Canada and insurers on issues related to the concept of exempting RRSPs from creditors.
- Consulted with a review group representing engineers, architects, developers, unit owners, lawyers, insurers and the Canadian Condominium Institute on ways of reducing the risk of structural defects and other construction issues regarding condominiums.
- Consulted with a review group representing landlords, tenants, developers and lawyers on a regulation to improve the financial information provided to life lease tenants.
- Provided information on a wide range of topics such as housing starts, vacancy rates in rental housing, rent levels in other Canadian cities, expenditures made by landlords to improve rental properties, gasoline prices in Winnipeg and across Canada, the federal Office of Petroleum Price Information, amendments to exempt RRSPs from creditors under the federal Bankruptcy and Insolvency Act, steps taken to increase consumer awareness of the Canadian Motor Vehicle Arbitration Plan, home warranty programs in Ontario and British Columbia, and Ontario's rent bank program.
- Managed Consumer and Corporate Affairs Division program responsibilities within budget.

8 (a) Administration and Research

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	827.4	14.78	962.5	(135.1)	
Other Expenditures	239.9		241.4	(1.5)	
Less: Recoverable from Other Appropriations	(210.0)		(210.0)		
Total Sub-Appropriation	**857.3**	**14.78**	**993.9**	**(136.6)**	

Consumers' Bureau

Functions of the Consumers' Bureau

The Consumers' Bureau provides programs in support of Manitoba consumers and businesses and:

- administers *The Business Practices Act, The Consumer Protection Act, The Personal Investigations Act,* The Bedding and Other Upholstered and Stuffed Articles Regulation of *The Public Health Act, The Charities Endorsement Act, The Hearing Aid Act* and Part III Reserve Mortgage Loans of *The Mortgage Act;*
- licenses/registers/grants certifications or authorizations to vendors and individual sellers engaged in direct selling; collection agencies and collectors; hearing aid dealers; charities fundraising in Manitoba; and manufacturers or renovators of stuffed articles;
- provides a medium for the mediation and investigation of consumer complaints;
- takes action as appropriate concerning prosecution of offenders under the statutes administered;
- identifies problems and issues in the marketplace and makes recommendations to amend legislation under its mandate as required;
- informs and educates consumers, businesses, service groups, consumer groups and student organizations regarding their rights and responsibilities as well as potential risks in the marketplace; and
- consults with other departments, agencies and organizations in Manitoba, Canada and internationally on current issues.

The Consumers' Bureau operates in five main areas:

- Dispute resolution/investigation
- Licensing and registration
- Special investigations
- Information/education
- Administration/legislative review

While each program represents a group of activities with a common objective, all staff are involved in all areas. As an example, all staff provide information/education to clients. Similarly, all staff offer input and effort resulting in recommendations to make changes to legislation.

Dispute Resolution/Mediation

The dispute resolution/investigation program provides an important tool in monitoring the marketplace. Problems are often reported to the Consumers' Bureau in the form of complaints or inquiries. In response, the bureau investigates and mediates complaints involving retail transactions of goods or services, financing contracts, collection practices, advertising and credit reporting.

Dispute resolution/investigation officers consider the rights and responsibilities of both sides of transactions, as well as relevant legislation, when attempting to bring parties to an agreement.

Dispute resolution/investigation may include bureau assistance to consumers and businesses in making claims against the bonds of licensed vendors or collection agents. This may arise after a business failure or in situations where vendors or collection agents do not comply with the requirements of *The Consumer Protection Act.*

In addition to legislation administered by the bureau, officers must have knowledge of other statutes such as *The Garage Keepers Act, The Distress Act, The Builders' Liens Act, The Repair Shops Act* and *The Sale of Goods Act,* that may be used in the dispute resolution process.

In 2005/2006, the Consumers' Bureau handled 36,080 telephone and e-mail inquiries from consumers and businesses requesting assistance. Disputes are often resolved over the phone or through e-mail by staff

without necessitating a formal written complaint being submitted to the bureau. During the same period, 676 clients came to the bureau in person to request assistance or to initiate a formal complaint.

The number of complaints registered with the bureau varies from year to year. In 2005/2006, 1,596* formal written complaints, including 275 complaints carried over from 2004/2005, were handled, an increase over last year. Automotive and financial complaints registered the highest numbers during 2005/2006.

The Consumers' Bureau obtained cash settlements or adjustments for consumers totaling $468,959.63 in 2005/2006, representing an increase of 43% over the previous year. The bureau has a good record of success in resolving disputes and strives to maintain a high standard through fair and accurate application of knowledge of contracts, relevant legislation and skill in dispute resolution.

Consumer Services Officers handling complaints may identify breaches of consumer protection statutes such as unfair business practices in consumer transactions or misleading advertising. Officers often use mediation as a tool to bring a business into compliance with legislation. When compliance with statutes is not obtained, or where frequent statutory breaches have been identified, referral is made to the special investigation process of the bureau.

ANALYSIS OF COMPLAINTS

Complaint Type	2005/2006	2004/2005
Automotive	272	251
Home Improvements	233	246
Financial	191	243
Personal Effects And Services:		
Hardware and Software	137	78
Personal Services	48	26
Personal Effects	8	14
Mover/Storage	19	19
Personal Improvement	62	55
Home Furnishings And Accessories:		
Home Furnishings and Accessories	85	69
Home Entertainment	21	10
Other	0	45
Mail Order And Subscriptions	28	38
Travel[1]	67	62
Other:		
Telemarketing	5	3
Charities	19	25
Other [2]	401	313
Total	**1,596**	**1,497**

Licensing and Registration

1. *High incidence is attributed to several files still open regarding an airline failure.*
2. *Includes: Food sales, entertainment, coupon books, lotteries, prizes, hobby products, towing companies, parking facilities, mobile homes and residential dwellings. The category also includes complaints/inquiries regarding the "Nigerian-type Scam" and the "Phishing-type scam".*

The Consumer Protection Act regulates vendors and direct sellers, collection agents and collectors through licensing and bonding requirements. Under *The Consumer Protection Act*, consumers who enter into contracts as a result of a direct sale have a 10-day cancellation right. There are other cancellation rights of up to one year provided to consumers where vendors have not complied with certain requirements specified in the Act.

Bonds are required under the licensing requirements of the Act for vendors engaged in direct sales and collection agencies. Where companies fail or refuse to honour obligations to consumers, the bonds provide fair and effective recourse. During 2005/2006, bond proceeds in the amount of $9,252.59 from a collection agency's bond were paid out and bond proceeds in the amount of $15,000 from a vendor's bond were paid out.

As well, the Consumers' Bureau authorizes charities to solicit funds for charitable purposes under *The Charities Endorsement Act* of Manitoba and certifies hearing aid dealers under *The Hearing Aid Act*.

Licences, Registrations and Authorizations

Type	2005/2006	2004/2005
Collection Agent	75	68
Vendors	165	177
Direct Seller	1,782	1,777
Hearing Aid Dealers	61	49
Bedding and Upholstery	1,917	1,671
Collectors	2,722	2,526
Charities Authorized	228	234
Total	**6,950**	**6,502**

Special Investigations

A level playing field in the marketplace for consumers and businesses is a goal of the Consumers' Bureau. The bureau is often successful in obtaining voluntary compliance with its statutes through mediation. There are instances where investigations of breaches of the various acts are necessary. Following investigation, some matters are referred to the Justice department for prosecution or other court action as appropriate. The Crown may also seek redress in court for consumers who have been victimized. As alternatives to prosecution, investigations may result in obtaining assurance of voluntary compliance, orders to freeze assets, or injunctions prohibiting certain actions.

In 2005/2006, a total of 8 charges of committing unfair business practices under *The Business Practices* Act were laid against individuals and companies. Trials for these charges and for 19 charges laid in 2004/2005 under *The Business Practices Act* have been scheduled to take place in May 2007.

Arrest warrants were issued regarding one charge under section 64 of *The Consumer Protection Act* and two charges of direct selling without a licence under section 75 of *The Consumer Protection Act* that were laid in 2004/2005.

Two charges laid in prior years under *The Business Practices Act* were stayed as the individual who had been charged passed away.

The Crown and the lawyer for a vendor against whom twenty-three charges were laid in September 2003 under section 75 of *The Consumer Protection Act*, agreed that a plea would not be accepted until such time as all restitution is paid. To date, restitution totaling $13,000 has been paid to the consumers affected and a further $7,000 is still outstanding. These funds will be paid out to consumers on a prorated basis.

The Special Investigations unit maintains a close working relationship with departments and agencies of all three levels of government. As well, investigations benefit from the ongoing support and exchange of information with Industry Canada, the Winnipeg Police Service, Brandon Police Department, RCMP and

Project Phonebusters. The Consumers' Bureau was instrumental in 2005/2006 in identifying a number of possible offenses to other enforcement authorities which resulted in charges under the *Criminal Code* and investigations under the *Competition Act*.

By effective investigations of breaches of statutes and prompt application to the court, the bureau protects consumers from unfair business practices and ensures a healthier marketplace for businesses to compete fairly.

Information/Education

Consumers' Bureau staff provided 20 presentations to more than 320 Manitobans in 2005/2006. Presentations were made to a number of English Second Language classes at Red River College, to the Fraud Examination continuing education class at the University of Manitoba and to students at Stonewall Collegiate. Presentations were also given to groups including the Salvation Army through the L.E.E.P. Program, the North End Women's Center, the Stradbrook Residential Services, a Bilingual Service Centre in Winnipeg, SEED Winnipeg, the Investors Group Retirees, the West End Biz, the Professional Financial & Credit Group, Age & Opportunity and the Community Legal Education Association. Presentations on Identity Theft were made at a Service Quality Partners Luncheon in Portage la Prairie and at the Manitoba Housing Property Managers Conference.

The Bureau had booths set up at Information Fairs for seniors held in Ste. Anne, St. Adolphe, Ste Agathe, La Broquerie, St. Pierre Jolys and St. Malo where a Consumer Services Officer talked to seniors about their concerns and provided general consumer protection information.

The Consumers' Bureau, in partnership with the Manitoba Seniors and Healthy Aging Secretariat, the RCMP, the Winnipeg Police Service, Manitoba Public Insurance, the Residential Tenancies Branch, the Centre for the Financial Services OmbudsNetwork, The Manitoba Securities Commission, the Competition Bureau, the Canada Revenue Agency and the Addictions Foundation of Manitoba, completed a consumer tips calendar for distribution to consumers. It features a different consumer topic each month and provides tips and information on a variety of subjects including, vacation planning to help avoid problems, facts about gambling, Fraud Prevention Month, money management, the Citizens on Patrol Program, role of the Residential Tenancies Branch, resolving financial issues, vehicle immobilizers, phony charitable fundraising, power of attorneys and health care directives, identity theft and misleading advertising. 28,000 copies of the calendar were distributed to various seniors' organizations and consumer groups as well as individual consumers.

The Consumers' Bureau regularly receives calls from the media about specific consumer problems or marketplace issues. In 2005/2006 a total of 41 calls were received from the media. Senior Bureau staff participate in television, radio and print interviews in response to media inquiries, and utilize these opportunities to communicate information to consumers and businesses about their rights and responsibilities.

News releases continued to be used as a proactive measure. The releases contained timely information about certain problems being encountered and current issues in the marketplace. They informed consumers and businesses of their rights and responsibilities and offered information on steps to take to prevent problems.

A total of 18 news releases were issued in 2005/2006. General information releases were issued on the topics of buying or leasing vehicles, misleading advertising, how to protect yourself against flood-repair scams, being cautious of advance fee loan offers, researching organizations before donating to charitable causes, an announcement of the consumer tips calendar, rights and obligations when holiday shopping, precautions to take when hiring home renovation contractors for energy upgrades, consumer rights when entering prepaid service contracts, Fraud Prevention Month, using care when planning winter holidays and the launch of an identity theft website. A release was issued inviting Manitobans to participate in public consultations to help address identity theft and another invited comments on proposed changes to *The Personal Investigations Act* Regulation regarding consent. A further release announced public consultation on the proposed cost of credit regulations. Releases were also issued announcing proposed payday loan legislation and proposed government cheque cashing legislation.

Due to improvements to the Bureau's web-site, substantial numbers of individuals have accessed the site in recent years. In 2005/2006 there were 58,971 visits to the web-site.

Contacts are maintained and issues discussed by Bureau staff with the Better Business Bureau, the Direct Sellers Association, the Consumers Association of Canada, the Manitoba Motor Dealers Association, the Association of Fundraising Professionals, various municipal, provincial and federal government organizations and law enforcement authorities.

Administration/Legislative Review

The administration/legislative review program effectively manages the internal operation of the Consumers' Bureau, including the management of financial and human resources within the branch. All staff participate in the business planning, policy reviews and legislative reviews of the Acts administered.

Bill 24, The *Consumer Protection Amendment Act (Cost of Credit Disclosure and Miscellaneous Amendments)*, received royal assent on June 9, 2005. In January 2006 a discussion paper was released on proposed regulations regarding cost of credit disclosure and comments on the proposals were requested. These changes are being implemented to fulfill Manitoba's commitment to harmonize this area of legislation under the Agreement on Internal Trade.

Bill 7, *The Personal Investigations Amendment Act*, received royal assent on June 9, 2005. The amendments reduced the time information about personal bankruptcies can be included in personal reports. The change was the result of concerns expressed by businesses and consumers.

Public consultation was carried out on proposed changes to *The Personal Investigations Act* regulation. The revisions will outline the way information can be provided and the specific information that will be collected. They also will specify the format consent must be in to be valid.

The Consumer Protection Amendment Act (Payday Loans) was tabled in the legislature. This legislation provides a regulatory framework under which payday loan companies would be required to operate.

The Consumer Protection Amendment Act (Government Cheque Cashing Fees) was tabled in the legislature. This legislation would limit the amount that businesses could charge consumers for cashing government cheques.

Senior Consumers' Bureau staff participate in the federal, provincial and territorial Consumer Measures Committee (CMC). The CMC provides a forum for national cooperation to improve the marketplace for Canadian consumers by harmonization of laws, regulations and practices and through actions to raise public awareness.

8 (b) Consumers' Bureau

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	902.6	16.00	933.4	(30.8)	
Other Expenditures	207.2		230.6	(23.4)	
Grants	88.7		88.7		
Total Sub-Appropriation	**1,198.5**	**16.00**	**1,252.7**	**(54.2)**	

Residential Tenancies Branch

The branch administers:

- *The Residential Tenancies Act*
- *The Life Leases Act*
- *The Condominium Act*

The Residential Tenancies Branch:

- provides information to landlords, tenants and others on *The Residential Tenancies Act, The Life Leases Act* and *The Condominium Act*;
- investigates complaints of non-compliance with the legislation;
- mediates disputes between landlords and tenants;
- makes decisions on disputes between landlords and tenants about:
  - security deposits
  - repairs
  - terms and conditions of a tenancy agreement or life lease
  - the right to continue in occupancy, including termination for non-payment of rent and noise and disturbance
  - claims for compensation
  - privacy
  - non payment of utilities
  - life lease entrance fees
- makes decisions on landlords' applications for rent increases above the guideline and tenants' objections to any rent increases.

Information/Education

Telephone Calls/Interviews

The branch's Winnipeg office has an Interactive Voice Response System (IVRS). Callers have the option of:

- speaking to a Client Service Officer;
- listening to recorded information segments about rent increases, security deposits, landlord and tenant responsibilities and repairs;
- having fact sheet information automatically faxed to them;
- calculating the interest payable on a security deposit;
- adding their name to the mailing list for the branch's newsletter;
- listening to recorded information on the branch's location and hours of business.

The IVR system handled 71,832 phone calls in the 2005/2006 fiscal year; approximately 48,828 of the callers chose to speak to a Client Service Officer. Staff in Brandon and Thompson answered an additional 7,062 calls from clients. These figures do not include calls to the branch about specific cases. During the fiscal year, approximately 6,497 people came to branch offices to request information or to file a formal complaint.

Website

The Residential Tenancies Branch's website, www.residentialtenancies.mb.ca, provides answers to several frequently asked questions. The information is available in English and French. Landlords and tenants can download the most commonly used residential tenancy forms. The website also has an automated security deposit interest calculation feature. The website includes the branch's Policies and Procedures Guidebook and links to *The Residential Tenancies Act* and *The Life Leases Act*. The website had 92,512 visits (logons) from April 1, 2005 to March 31, 2006.

Rent Status

Anyone who is considering the purchase of a rental property can apply to the Residential Tenancies Branch for a rent status report. A rent status report provides information on a property's rent history and can alert people to potential rent increase problems. The application and authorization forms can be downloaded from the website. In 2005/2006, the branch received 171 and closed 168 applications for rent status reports. These applications involved 214 buildings with 5,431 rental units.

Orders System

The Residential Tenancies' Orders System is also available online. The Orders System provides information on the orders the branch issues, except for rent regulation orders. Clients can access the system by:

- paying an annual subscription fee of $250 and receiving a password; or
- paying a fee to search online at the branch; there is a $5 charge for each 30 minute search.

Users can search the system by landlord or tenant name or by the address of a residential complex.

Policies and Procedures Guidebook

The branch has a Policies and Procedures Guidebook, available in both English and French, to assist landlords, tenants and staff. The guidebook provides guidance on those areas not specifically dealt with in *The Residential Tenancies Act*. It also sets out the procedures for how the branch handles most of the issues landlords and tenants refer to the branch. The guidebook has 13 sections on topics such as security deposits, rent regulation, mediation, hearings and repairs. The branch offered copies of the guidebook to various landlord and tenant organizations and to all major libraries in other provinces as well as to Manitoba universities and colleges. The guidebook is available on the branch's website.

Speaking Engagements

In 2005/2006, staff of the Residential Tenancies Branch gave 16 presentations to 220 tenant participants and 2 presentations to 70 landlord participants. The branch also gave 12 presentations for student groups. These sessions involved 305 participants, including English as a Second Language, law and social work students as well as mature Aboriginal students. The branch also made 10 presentations for 960 service providers including Employment and Income Assistance caseworkers, Manitoba Housing Authority property managers and caretakers, Winnipeg Police Service officers, and, Manitoba Urban Native Housing Authority staff. The branch had information booths at the Rotary Club's Career Symposium, the Manitoba Bar Association's Law Day Open House, The University of Manitoba's orientation and training week, the Northern Aboriginal Community Council Members Conference, the Aboriginal Career Exploration Fair and the Professional Property Managers Association's "Suite Living". Staff had the opportunity to speak with over 1,100 people at these displays.

Branch Newsletter

The branch continues to publish its quarterly newsletter, "Open Doors". The newsletter provides information on changes to the legislation or branch procedures and includes articles on topics of interest to landlords and tenants. Anyone interested in receiving the newsletter can add their name to the mailing list by calling the branch or visiting the branch's website. The branch has approximately 1,750 people on its mailing list. Clients can choose to receive the newsletter by mail, e-mail or fax. The newsletter is also available on the website.

Parts 1 - 8 of *The Residential Tenancies Act*

CASE LOAD

Case Type	2005/2006	2004/2005
Security Deposits	911	834
Hearings		
• Claims	1,449	1,356
• Order of Possession	1,891	1,685
• Determination	34	N/A
Repairs	877	828
Notices to Vacate [1]	40	366
Non-payment of Utilities	122	151
Tenancy Agreements [1]	16	88
Failure of Landlord/Tenant to Meet Obligations [1,2]	50	268
Other [1,3]	29	359
Total Cases Opened	5,419	5,935
Total Cases Closed [4]	6,825	5,894
Intakes Resolved [5]	4,647	N/A
Total Cases Closed And Intakes Resolved	**11,472**	**5,894**

Mediated Agreements	2,116	N/A
Orders from Mediated Agreements	418	N/A

1. The number of formal cases in this category is vastly reduced. More cases are being resolved informally and are included in *Intakes Resolved*.
2. This category includes disputes over locks and doors, privacy, seizure of tenant's property, non-payment of rent, disturbance, withholding of services, unauthorized charges or fees.
3. This category includes disputes involving assignment and subletting, mobile homes, entitlement to collect rent, change of landlord and abandonment of rental unit. Amendments to the abandonment provision of *The Residential Tenancies* Act in October 2004 significantly reduced the number of cases opened in this category.
4. These figures include cases carried over from the previous fiscal year which were closed during the reporting period.
5. An *Intake* is a client's request for assistance that does not result in a formal case file being opened. Most are resolved informally at the first stage of contact. A primary goal of the branch's re-engineering plan is to increase its emphasis on this type of dispute resolution.

Part 9 of *The Residential Tenancies Act*

CASE LOAD

Case Type	2005/2006	2004/2005
Landlord Application for Rent Increase Above the Guideline (1)	292	335
Application for Laundry Increase	17	14
Application for Approval of a Rehabilitation Scheme	24	36
Application for Tenant Requested Improvement	18	22
Application for Withdrawal of Service	13	10
Rent Increase for New Tenants–S.132	11	20
Tenant Objection to Guideline, or less, Rent Increase	110	93
Unauthorized Rent Increases	462	429
Total Cases Opened (2)	975	959
Total Cases Closed (3)	935	845

(1) The rent increase guideline was 1.5 % for 2005 and 2.5% for 2006.
(2) This total includes Winnipeg, Brandon and Thompson offices.
(3) These figures include cases carried over from the previous fiscal year which were closed during the reporting period.

Note:
The figures shown here may differ from those in the annual report on the administration of *The Residential Tenancies Act*. This difference results from using figures based on the calendar year versus the fiscal year.

Performance Standards

The branch has performance standards for the time required to complete a case. In early 2005, the branch temporarily adjusted the standards and extended the time required to complete a case as a result of:

- staff retraining due to the introduction of the new case management system;
- staff involved in testing the new electronic system with real cases while concurrently running a duplicate manual case file for back-up; and
- a number of staff being completely dedicated to the implementation and ongoing development of the case management system resulting in a redistribution of their workload to other staff.

The branch holds hearings to consider claims for compensation and applications for orders of possession. The interim target for issuing decisions on orders of possession is within three working days of the hearing date. During the 2005/2006 fiscal year, the branch's average time for issuing decisions on orders of possession was two working days.

The interim performance target for issuing compensation claim decisions is within twelve weeks of the hearing date. During the 2005/2006 fiscal year, the branch's average time for issuing decisions on claims was approximately eight weeks.

When a landlord makes a claim for the security deposit plus interest or less, the branch tries to help the tenant and landlord come to an agreement. If they cannot agree, they can ask the branch to make a decision on the claim. The branch usually makes a decision on this type of claim by reviewing written information and other submissions. The interim performance target is six months. Currently the average time to complete the entire process is ten months.

The interim target is to issue a decision on an application for an above guideline rent increase within 180 days or six months of the date the branch receives the application. While the branch did not always achieve its target for completing applications in 2005/2006, 44% were closed within 90 days and 71% within 180 days.

Safety Net Program

The Safety Net Program's main purpose is to help people with special needs that are being evicted. These include the mentally and physically handicapped, the elderly and infirm, single parents or families with children. The safety net program may also be used when the Health Department placards a building or there is some other unsafe living condition.

When the branch issues an order of possession, a safety net officer reviews the case. If the officer believes the tenant has special needs, the officer contacts the tenant to make sure they understand the order of possession and they know where to go to for assistance. In some cases, the officer might contact an appropriate social services agency. For example, if the tenant is a single parent on social assistance, the safety net officer might contact the tenant's worker to let them know what's happening and to make sure the tenant will receive moving expenses and temporary accommodation, if necessary.

The safety net officer has contacts with mental health workers, Employment and Income Assistance, the City of Winnipeg and Provincial Health Departments, the City of Winnipeg Police Department's Community Relations and Community Credit Counselling Services.

8 (c) Residential Tenancies Branch

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	3,077.3	60.50	3,333.1	(255.8)	
Other Expenditures	685.4		862.4	(177.0)	
Total Sub-Appropriation	**3,762.7**	**60.50**	**4,195.5**	**(432.8)**	**1**

1. *Under expenditure is due to delay in the implementation of the Residential Tenancies Amendment Act related to the rehabilitation of rental properties.*

Financial Institutions Regulations Branch

The Financial Institutions Regulations Branch administers legislation related to insurance companies, trust and loan corporations, credit unions and caisses populaires and cooperatives.

The mandate of the branch is to:

- provide a legislative and regulatory framework that promotes the orderly growth and development of cooperatives, credit unions and caisses populaires, and the insurance industry in Manitoba;
- protect the public while facilitating the transaction of the business of insurance;
- regulate and license private insurance companies;
- license hail insurance agents, hail insurance adjusters and accident and baggage insurance agents.
- Oversee the Insurance Council of Manitoba in its role to license and supervise the activities of all other insurance agents and adjusters;
- issue business authorizations to trust and loan corporations to do business in Manitoba;
- provide a legislative and regulatory framework to safeguard the funds gathered from the public and ensure the prudent investment of those funds;
- protect members of cooperatives, credit unions and caisses populaires through the administration of *The Cooperatives Act*, *The Credit Unions and Caisses Populaires Act* and corresponding regulations;
- monitor the financial and operational performance of the Credit Union Deposit Guarantee Corporation, La Société d'assurance-dépôts des Caisses Populaires, The Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba;
- maintain a registry for cooperatives, credit unions and caisses populaires, assist with the incorporation of such entities and provide advice on statutory matters including issuing securities to members; and
- review existing legislation and recommend changes where appropriate.

The Financial Institutions Regulation Branch administers the following statutes:

- *The Cooperatives Act*
- *The Credit Unions and Caisses Populaires Act*
- Part XXIV of *The Corporations Act* (Trust and Loan Corporations)
- *The Insurance Act*
- *The Insurance Corporations Tax Act*, and
- *The Marine Insurance Act.*

In addition, the tax under the regulations of *The Fires Prevention and Emergency Response Act* is collected on behalf of the Fire Commissioners Office.

To accomplish its mandate the branch engaged in the following activities:

Inquiries

- Answered inquiries of a general nature about financial institutions, financial services and cooperatives.
- Answered questions from financial institutions and cooperatives on the legislative and regulatory requirements in Manitoba.
- Responded to inquiries and complaints from consumers and members.
- Mediated disputes between consumers and insurance companies and between members and their cooperative, credit union or caisses populaire with 128 complaint files processed.

Monitoring of Financial Institutions

- Assessed the financial performance and operations programs of Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba Inc.
- Assessed the adequacy of controls for lending and other risks in the credit union and caisses populaires systems.
- Assessed the financial performance and the effectiveness of the programs carried out by The Credit Union Deposit Guarantee Corporation and La Société d'assurance-dépôts des caisses populaires.
- In partnership with the Office of the Superintendent of Financial Institutions Canada, inspected for Solvency the 6 Manitoba Insurers.
- Prepared the Annual Report on Insurance companies required by The Insurance Act.
- Reviewed the annual returns from 51 federal and extra-provincial trust and loan corporations operating in Manitoba and reviewed areas of concern with the primary regulators from the incorporating jurisdictions.

Licensing and Business Authorizations

- Licensed insurance companies to transact insurance in Manitoba.
- Licensed hail insurance agents, accident and baggage insurance agents and hail adjusters.
- Reviewed and approved amended business authorizations for federal and extra-provincial trust and loan corporations operating in Manitoba.

Incorporation

- Assisted in the incorporation process of new cooperatives, as well as in amending the articles of incorporation and by-laws of cooperatives.
- Assisted in the amending of the articles and by-laws of credit unions and caisses populaires.
- Developed information kits and model bylaws for different types of cooperatives.

Other

- Monitored the regulatory activities of the Insurance Council of Manitoba. The Insurance Council of Manitoba has delegated responsibility for setting entry level standards, examinations and licensing of insurance agents, brokers and adjusters and for reviewing and investigating the conduct of these persons and taking disciplinary action as required.
- Arranged and assisted the Tribunal hearings for terminations of memberships of members of housing cooperatives.
- Maintained a central registry for the orderly filing of all documents required under *The Credit Unions and Caisses Populaires Act* and *The Cooperatives Act.*
- Continued consultation to recommend amendments to *The Credit Unions and Caisses Populaires Act* and regulations.
- Continued the consultation to recommend amendments to *The Insurance Act.*
- Collected the premium tax under *The Insurance Corporations Tax Act.*
- Collected the tax under *The Fires Prevention and Emergency Response Act.*

Client Services

Monitored stakeholders' satisfaction by surveying each insurance company and one of every three consumers that came into contact with the branch as a result of the mediation role. The result was a satisfaction rate of 81%.

Trust and Loan Corporations

As at March 31, 2006 there were 51 federal and extra-provincial trust and loan corporations operating in Manitoba.

Credit Unions/Caisses Populaires

Following are the consolidated statistics from the credit union and caisses populaires systems operating in Manitoba at December 31:

Credit Unions	2005	2004
Total Assets	$10.1 billion	$9.1 billion
Total Deposits	$9.4 billion	$8.5 billion
Total Loans	$8.5 billion	$7.4 billion
Members	522,000	502,000
Number of credit unions/locations	57/178	57/177

Caisses Populaires	2005	2004
Total Assets	$614 million	$584 million
Total Deposits	$563 million	$539 million
Total Loans	$521 million	$485 million
Members	30,700	30,804
Number of caisses populaires/locations	7/28	7/28

Cooperatives

As at March 31, 2006 there were 351 cooperatives with over 290,000 active members operating in Manitoba categorized as follows:

Classification of Cooperatives	2006	2005
Housing	59	58
Consumer	60	59
Day-care	41	43
Community Service	26	25
Utility	35	45
Marketing	35	34
Recreational and community clubs	28	29
Farmers Markets	9	9
Agriculture/Producer	17	18
Cattle Feeders	10	11
Employment	15	15
Fishing	8	10
Communications and Transportation	8	8
Total	**351**	**364**

During 2005/2006, 14 new cooperatives were incorporated or revived while 27 cooperatives were dissolved or were discontinued.

Insurance

Summary comparisons of licensing and complaint activities performed by the branch and Insurance Council of Manitoba are as follows:

LICENSING OF INSURANCE COMPANIES		
Description	**2005/2006**	**2004/2005**
Federal	214	215
Provincial	42	43
Total	**256**	**258**

LICENCES ISSUED BY SUPERINTENDENT OF INSURANCE OFFICE		
Description	**2005/2006**	**2004/2005**
Hail Agents	332	340
Accident and Baggage Agents	623	574
Miscellaneous Agents	4	4
Subtotal Agents	**959**	**918**
Hail Adjusters	67	70
Special Brokers Licences	5	6
Total	**1,031**	**994**

LICENCES ISSUED BY INSURANCE COUNCIL OF MANITOBA		
Description	**2005/2006**	**2004/2005**
Life Agents	2,346	2,251
General Agents	2,789	2,745
Accident and Sickness Agents	1,739	1,504
Automobile Agents	5	5
Subtotal Agents	**6,879**	**6,505**
Adjusters	67	69
Assistant Adjusters	10	4
Subtotal Adjusters	**77**	**73**
Total	**6,956**	**6,578**

LICENCES CANCELLED, SUSPENDED, REVOKED OR REFUSED BY INSURANCE COUNCIL OF MANITOBA

Description	2005/2006	2004/2005
Agent Licences Cancelled	39*	38
Agent Licences Suspended	0	0
Agent Licences Revoked	0	1
Agent Licences Refused	3	2
Suspension, fines and costs	1	1
Suspension and costs	2	1
Fines and costs	7	7
Total	**52**	**50**

* 6 cancelled due to failure to carry errors and omissions insurance while 33 were cancelled due to failure to complete level of upgrading.

INSURANCE AGENT AND ADJUSTER LICENCING EXAMINATIONS BY INSURANCE COUNCIL OF MANITOBA

	WRITTEN		PASSED		FAILED	
	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005
Life	427	410	341	301	86	109
General	51	33	11	8	40	25
Accident & Sickness	19	15	14	14	5	1
Subtotal Agents	**497**	**458**	**366**	**323**	**131**	**135**
Adjusters	9	4	8	3	1	1
Total	**506**	**462**	**374**	**326**	**132**	**136**

ANALYSIS OF COMPLAINTS - PART ONE

	LIFE		ACCIDENT & SICKNESS		ANNUITIES – RRSPs		PERSONAL LINES/ TENANTS and HOMEOWNERS		COMMERCIAL LINES	
Description	**2005/2006**	**2004/2005**	**2005/2006**	**2004/2005**	**2005/2006**	**2004/2005**	**2005/2006**	**2004/2005**	**2005/2006**	**2004/2005**
Claims	6	2	34	15	0	0	25	22	2	2
Application Rejected/ Renewal Refused	1	2	1	0	0	0	4	5	0	1
Premium Payments	14	8	1	8	1	0	3	5	1	3
Replacements	0	0	1	0	0	0	0	0	0	0
Selling Tactics	0	9	0	0	0	1	0	0	1	0
Sales Promotion	0	3	0	0	0	0	0	0	0	0
Rebating	0	0	0	0	0	0	0	0	0	1
Miscellaneous	2	3	3	0	0	0	0	2	0	0
Totals	**23**	**27**	**40**	**23**	**1**	**1**	**32**	**34**	**4**	**7**

ANALYSIS OF COMPLAINTS - PART TWO

	HAIL		TRAVEL		FARM		MISCELLANEOUS LINES – LIVESTOCK, BAGGAGE, WARRANTIES, EXTENDED AUTO COVERAGE ETC.	
Description	**2005/2006**	**2004/2005**	**2005/2006**	**2004/2005**	**2005/2006**	**2004/2005**	**2005/2006**	**2004/2005**
Claims	0	0	3	3	0	0	0	2
Selling Tactics	1	1	0	0	0	0	0	2
Sales Promotion and Advertising	0	0	0	0	0	0	10	1
Miscellaneous	0	0	0	0	0	0	24	21
Totals	**1**	**1**	**3**	**3**	**0**	**0**	**24**	**26**

COMPLAINT STATISTICS - INSURANCE COUNCIL OF MANITOBA		
Description	**2005/2006**	**2004/2005**
Number of Complaints Opened	81	92
Number of Complaints Dealt With	89	95
Number of Complaints Outstanding at March 31, 2006	24	32

NEW COMPLAINTS PER COUNCIL		
Description	**2005/2006**	**2004/2005**
Adjusters Council	11	8
General Council	25	18
Life Council	45	66

8 (d) Financial Institutions Regulations Branch

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	670.8	11.50	723.6	(52.8)	
Other Expenditures	174.2		258.0	(83.8)	1
Total Sub-Appropriation	**845.0**	**11.50**	**981.6**	**(136.6)**	

1. *Under expenditure is due to lower professional fees as well as reduced travel and related costs for the Office of Superintendent of Financial Institutions as a result of fewer on-site solvency reviews of Manitoba incorporated insurance corporations in 2005-2006.*

Claimant Adviser Office – Automobile Injury Compensation Appeals

The Claimant Adviser Office (CAO), established under the *Manitoba Public Insurance Corporation Act* (the Act) in 2004, officially opened for business on May 16, 2005. The CAO is a bilingual advocacy office, fully accessible to persons with disabilities and completely independent from the Manitoba Public Insurance Corporation and the Automobile Injury Compensation Appeal Commission (the Commission). The CAO is staffed by two claimant advisors, an administrative assistant and a director. A public access computer workstation is available for claimants who are working with the CAO.

The CAO assists persons who wish to appeal a decision made by an internal review officer of the Manitoba Public Insurance Corporation (MPIC) in relation to bodily injury claims arising out of a motor vehicle accident.

The Appeal Process

A claimant who disagrees with a case manager's decision in respect of a bodily injury claim may have that decision reviewed by MPIC's Internal Review Office. A decision of an internal review officer may be appealed to the Commission.

A claimant who is appealing a decision of an internal review officer is entitled to seek the assistance of the Claimant Adviser Office. Under the Act, the CAO may:

- advise a claimant about the meaning and effect of the provisions of the Act, the regulations and decisions made under this Act;
- carry out investigations or inspections in relation to a claim;
- obtain an expert opinion respecting a claim; and
- communicate with or appear before the Appeal Commission on behalf of an appellant.

Once a claimant has filed a Notice of Appeal with the Commission, the Commission creates an indexed file which forms the basis of the appeal. Upon receipt of the indexed file, the CAO will review the file and assist the claimant with the pursuit of their appeal.

Activity Summary

Files Opened	**2005-2006**
Files Open	254
Files Processed and Closed	58
Total	**312**
Closed Files	
No appealable issue	21
Appeal Allowed	2
Appeal Denied	2
Settlement (No hearing)	1
Referred back to MPIC	4
Withdrawn after review	28
Total	**58**
Status Of Open Files	
Claimant Application Incomplete	48
CAO awaiting Indexed File	132
Active Files	74
Total	**254**
Status Of Active Files	
Decision Pending	1
Hearings Adjourned	3
Hearing Dates Requested	3
Hearings Scheduled	2
Files under Active Scrutiny	65
Total	**74**

Performance Targets

A number of variables affect setting and achieving performance targets for the Claimant Adviser Office. There is a great variety in the size and complexity of the files. In addition, while some files focus on only one issue, it is more usually the case that there are multiple issues in any one file.

Progress on files is often slow. In a typical case it is necessary for the CAO to obtain reports from the claimant's caregivers. In some cases it is optimal to obtain specialist opinion to support the claimant's case.

This may require the claimant to wait for an appointment to attend a busy specialist.

Within these acknowledged constraints, the Claimant Adviser Office has established the following performance targets for its first full year of operations (2006/2007):

- Files shall be assigned to a claimant advisor within four weeks of first contact by a claimant with the office. Files are assigned to a claimant advisor when the claimant, or the claimant's representative, submits a completed intake form, a copy of the internal review decision or decisions the claimant wishes to appeal, and a signed and dated form authorizing the CAO to obtain information relevant to the claim.
- The claimant advisor assigned to a file shall contact an appellant within one week and explain the appeal process and to provide tentative time lines.
- The claimant advisor assigned to a file shall, within two weeks of receiving the indexed file from the Commission, review the indexed file and develop an action plan for the claim.
- The claimant advisor assigned to a file shall seek an appeal date within six months of receipt of the indexed file.

8 (e) Claimant Adviser Office - Automobile Injury Compensation Appeals

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	242.8	4.00	259.4	(16.6)	
Other Expenditures	220.8		406.4	(185.6)	1
Total Sub-Appropriation	**463.6**	**4.00**	**665.8**	**(202.2)**	

1. *Under expenditure is due to delays in the establishment of the Claimant Adviser Office – Automobile Injury Compensation Appeals pending legislative changes.*

Automobile Injury Compensation Appeal Commission

General

The Automobile Injury Compensation Appeal Commission ('the Commission'), now in its twelfth full year of operation, is a specialist tribunal established under *The Manitoba Public Insurance Corporation Act* ("the Act") to deal with appeals of internal review decisions concerning benefits under the Personal Injury Protection Plan (PIPP) of Manitoba Public Insurance Corporation ('MPIC'), a "no-fault" insurance program.

The Commission has nine full-time staff comprising of a chief commissioner, two deputy chief commissioners, a director of appeals, two appeals officers, a secretary to the chief commissioner and two administrative assistants. In addition, there are seventeen part-time commissioners who sit on appeal panels on an as-required basis.

In 2005/2006 there were 231 appeals filed with the Commission respecting 250 MPIC internal review decisions. This compares with 234 appeals filed respecting 250 decisions in the 2004/2005 year. Most of the appeals heard during the 2005/2006 year relate to injuries sustained in prior years, some as early as 1994. As each year passes, many of the files increase in terms of the volume of documents and time required by the Commission to review the files. This is due in part to the fact that when injuries are relatively serious and the insurer's initial liability is not disputed, a claimant may be in receipt of income replacement, medical treatment or other coverage from MPIC for an extended period; in such cases it is only when the insurer decides to terminate benefits that the appeal process is initiated.

The Appeal Process

Rights of appeal are explained to claimants by MPIC in writing at each step of the claims process.

Decisions on claims are made initially by MPIC case managers. A claimant who is not satisfied with the decision of a case manager has 60 days to appeal the decision to an MPIC internal review officer who will decide the appeal and issue a written decision with reasons for the decision.

If a claimant is not satisfied with the MPIC internal review decision a further appeal may be made to the Commission by filing a Notice of Appeal. An appeal to the Commission must be filed within 90 days of the date a claimant receives the internal review decision. An extension for filing an appeal may be granted by the Commission if the claimant provides a reasonable explanation for missing the 90 day filing deadline.

After receiving a Notice of Appeal the Commission obtains the appellant's complete file from MPIC. The file is reviewed and an "indexed file" of all relevant documents is created. The indexed file is provided to the appellant or the appellant's representative and to MPIC and, once both parties have had an opportunity to review the indexed file and submit any further documents they feel are relevant to the appeal, a date is set for the hearing of the appeal.

Until recently, appeal hearings were conducted by panels of three commissioners. In 2005/2006, however, the Act was amended to allow appeals to be heard by either a single commissioner or a panel of three commissioners in order to provide greater flexibility and allow the Commission to deal more efficiently and expeditiously with some appeals.

In 2005/2006 the Commission held 85 hearings and 19 pre-hearing meetings as compared to 176 hearings and 18 pre-hearing meetings in 2004/2005. A significant factor in the decrease in the number of hearings in 2005/2006 was that many appellants sought assistance from the new Claimant Adviser Office and this resulted in adjournments of a large number of scheduled hearings in order to give the claimant advisors an opportunity to familiarize themselves with the files. Appellants were successful in whole or in part in 35% of the appeals heard by the Commission during 2005/2006.

The Commission hearings are informal in that the Commission is not strictly bound by the rules of evidence followed by the courts. In a majority of cases appellants do not have legal representation, although the availability of the Claimant Adviser Office means that more appellants now have the advantage of being represented at appeal hearings. Where feasible, the Commission will travel outside of Winnipeg to conduct a hearing or, if it is appropriate and of benefit to an appellant who lives or works elsewhere, a hearing may be conducted by teleconference.

Appellants and MPIC may call witnesses to testify and may also bring forward new evidence at appeal hearings. The Commission does have hearing guidelines which call for an appellant or MPIC to provide the Commission and the other party with disclosure and advance notice of any witnesses to be called or additional documented evidence to be presented at a hearing.

The commissioner(s) hearing an appeal weigh the evidence and the submissions of both the appellant and MPIC and, at the conclusion of a hearing, may issue a decision immediately or reserve their decision in order to consider the matter further before rendering a decision. Under the Act the Commission is given certain defined powers with respect to an appeal, and following an appeal hearing the Commission may:

(a) confirm, vary or rescind MPI's review decision; or
(b) make any decision that MPI could have made.

The Commission issues written decisions and provides written reasons for the decisions. The decisions and reasons are sent to the appellants and to MPIC. A delay in issuing decisions may occur when the commissioners find it necessary to seek further independent expert evidence, in which case that evidence is promptly shared with both parties and they are given an opportunity to respond before the Commission's decision is finalized.

All of the Commission's decisions and reasons are available for viewing at the Commission's office. The decisions are also available through QuickLaw, a commercial online information provider that maintains an electronic database of decisions rendered by courts and tribunals across the country.

A decision of the Commission is binding, subject only to a right of appeal to the Manitoba Court of Appeal on a point of law or a question of jurisdiction, and then only with leave of the court. There were five applications for leave to appeal in the 2005/2006 year. The Court of Appeal granted leave in one case, denied leave in two cases and has yet to hear the other three applications. In the Commission's 12 years of operation, the Court of Appeal has granted leave to appeal in a total of eight cases.

Performance Targets

The Commission strives to hear and decide appeals fairly, accurately and with reasonable expedition. With this in mind, the Commission has established the following performance targets:

- Preparation of the indexed file of material to be used at the hearing within five weeks after receipt of MPIC's file and all other additional material.
- Hearings are scheduled within 6 – 8 weeks from the time the parties notify the Commission of their readiness to proceed.
- Written decisions are rendered within 6 weeks following the hearing and receipt of all required information.

The Commission continues to experience a high volume of appeals filed resulting in the following average turnaround times for 2005/2006: 24-30 weeks to prepare the indexed file and 16 weeks from the time the parties are ready to proceed to a hearing and the actual hearing date. The Commission recognizes this does not meet its performance targets and is attempting to address the issue. Two new personnel resulting from staff turnover in 2005/2006 are now fully trained in the indexing of appeal files. It is anticipated this will assist in reducing the number of files waiting indexing and the time required to index the files. In addition, while all appeals were previously required to be heard by a panel of three commissioners, an amendment to the Act in 2005 now allows appeals to be heard by either a single commissioner or a panel of three commissioners. This will provide greater flexibility where appropriate and an opportunity to schedule more appeal hearings. The average turnaround time from the date a hearing concluded to the date the Commission issued an appeal decision was 5 weeks in 2005/2006.

8 (f) Automobile Injury Compensation Appeal Commission

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	636.3	9.00	761.9	(125.6)	
Other Expenditures	327.1		398.6	(71.5)	
Total Sub-Appropriation	**963.4**	**9.00**	**1,160.5**	**(197.1)**	

Residential Tenancies Commission

The Residential Tenancies Commission is a quasi-judicial, specialist tribunal that hears appeals from decisions and orders of the Director under *The Residential Tenancies Act.*

The Residential Tenancies Commission consists of:

- The Chief Commissioner - a full-time position; appointed for up to a five-year term, located in Winnipeg.
- Deputy Commissioners – fourteen part-time positions; may exercise the powers and perform the duties of the Chief Commissioner; appointed for a two-year term; from Winnipeg, Brandon and Thompson.
- Panel members - thirty-six panel members – approximately half representing the views of the landlords, the others the views of the tenants; from Winnipeg, The Pas, Thompson and Brandon.

Hearings are held before a panel of three consisting of one landlord representative, one tenant representative and a neutral commissioner which is either the Chief Commissioner or one of the deputies. Hearings are chaired by the neutral commissioner. The neutral commissioner also casts the deciding vote if there is a tie. Hearings outside of Winnipeg are held at the nearest judicial district.

The Residential Tenancies Commission decisions can be appealed to the Court of Appeal, but only on a question of jurisdiction or error in law. A Court of Appeal judge must grant leave or permission to appeal. Section 179 of *The Residential Tenancies Act* dealing with rent regulation states that "*No appeal lies from a decision or order of the commission made in a matter arising under Part 9,*" The Residential Tenancies Commission's decision here is final.

ACTIVITY SUMMARY
April 1, 2005 – March 31, 2006

	Received	Processed
Activity		
Abandonment	1	1
Claim For Security Deposit or Less	54	44
Disputes	1	4
Enforcement	4	3
Hearings	352	265
Repairs	16	19
Utilities	42	2
Rent Regulation	98	79
Total	**568**	**417**

Appeals		
Landlord initiated		327
Tenant initiated		193
Other initiated		48
Total		**568**

Decisions		
Orders upheld		172
Orders varied		103
Orders rescinded/overturned		35
Appeals withdrawn/settled		89
Appeals rejected		3
Appeals cancelled		9
Orders denied		1
Pending		5
Total		**417**

ACTIVITY SUMMARY April 1, 2005 – March 31, 2006		
	Received	**Processed**
Winnipeg Appeal Hearings		362
Other Appeal Hearings:		
Altona		1
Beausejour		1
Brandon		19
Flin Flon		1
Killarney		1
Morden		1
Neepawa		1
Portage la Prairie		2
Roblin		1
Russell		1
Selkirk		7
Steinbach		1
Swan River		1
The Pas		2
Thompson		3
Winkler		2
Total Winnipeg and Other Appeal Hearings		407
Court of Appeal		
Applications for Leave to Appeal	15	
Denied		11
Pending		4
Granted		1
New Commission Hearing to be held		-
Adjourned Sine Die		-
Withdrawn		1
Settled		-
Court of Appeal Hearings		
Pending		-

8 (g) **Residential Tenancies Commission**

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	506.9	5.00	565.8	(58.9)	
Other Expenditures	120.9		349.7	(228.8)	1
Total Sub-Appropriation	**627.8**	**5.00**	**915.5**	**(287.7)**	

1. *Under expenditure is due to delays in completing the renovations and relocation of the commission.*

Public Utilities Board

The Public Utilities Board is an independent quasi-judicial body operating under the authority of the Manitoba Legislature.

The board is responsible for the regulation of public utilities as defined under *The Public Utilities Board Act*. These public utilities include:

- Centra Gas Manitoba Inc. - natural gas distribution
- Stittco Utilities Man Ltd. - propane distribution
- Swan Valley Gas Corporation - natural gas distribution
- Water and Sewer Utilities - excluding the City of Winnipeg

With respect to *The Crown Corporations Public Review and Accountability and Consequential Amendments Act*, the board is also responsible for rate regulation of compulsory drivers and vehicle insurance premiums charged by Manitoba Public Insurance and the rates charged by Manitoba Hydro.

In addition to rate regulation of the above noted public utilities, the board, pursuant to *The Gas Pipe Line Act*, reviews related utilities' operations to ensure that natural gas and propane are distributed to Manitoba consumers in a safe manner.

Several other enactments which assign regulatory or adjudicative responsibilities to the board are:

- *The Greater Winnipeg Gas Distribution Act*
- *The Gas Allocation Act*
- *The Prearranged Funeral Services Act*
- *The Cemeteries Act*
- *The Manitoba Water Services Board Act* (Appeals)
- *The Highways Protection Act* (Appeals)

During the fiscal year, the board convened 15 board meetings, 32 public hearing days and 2 pre-hearing conference days. A total of 174 formal orders were issued in 2005/2006 (160 in 2004/2005) as follows:

	2005/2006	2004/2005
Water and Sewer Utilities	71	70
Natural Gas Utilities and Propane	23	13
Gas Broker Appeals	0	1
Highways Protection Act	1	3
Manitoba Hydro Act	57	65
Manitoba Public Insurance	15	6
The Cemeteries Act	6	1
Disconnection	1	1
Total	**174**	**160**

With respect to *The Prearranged Funeral Services Act*, 22 renewal licences were issued this fiscal year. In addition, there were 13 applications filed for acknowledgement of revisions in prearranged funeral fees for caskets and services. The board continued to review and monitor the annual reports filed by licensees and their trustees with regard to prearranged funeral plans being sold and contracted funds in trust.

With respect to *The Cemeteries Act*, the board issued the following renewal licences this fiscal year:

	2005/2006	2004/2005
Cemeteries	11	11
Columbariums	17	17
Mausoleums	5	5
Crematoria	16	16
Cemetery – sales personnel	131*	76
Total	**180**	**115**

** includes 10 transfers*

The board issued 11 renewal registrations to brokers of natural gas. The board dealt with a number of public enquiries and complaints and had several discussions with brokers and other members of the industry in order to resolve customer concerns.

The board supervised the Service Disconnection and Reconnection Policy and Procedures of Centra Gas Manitoba Inc., Gladstone Austin Natural Gas Co-op Ltd., Swan Valley Gas Corporation and Stittco Utilities Man Ltd. In this regard the board received a number of customer enquiries and complaints and 1 appeal hearing was required.

The Board dealt with approximately 5 appeals under the Highways Protection Act, all of which were resolved through mediation without the need for a hearing.

8 (h) Public Utilities Board

Expenditures by Sub-Appropriation	Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	598.6	8.73	521.6	77.0	
Other Expenditures	534.4		590.5	(56.1)	
Total Sub-Appropriation	**1,133.0**	**8.73**	**1,112.1**	**20.9**	

CAPITAL INVESTMENT

Capital investment is provided in the Estimates of Expenditures under Part B. For the year ended March 31, 2006, the department's capital authority provided for the continued development of the Residential Tenancies Branch (RTB) Re-engineering project. Support for internal reform initiatives involving the use of information technology in the delivery of government's services are reported separately.

Part B	Capital Investment					
Expenditures by Sub-Appropriation		Actual 2005-2006 $(000s)	Estimate 2005-2006 FTEs	Estimate 2005-2006 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
B.8	Finance	135.2		343.8	(208.6)	1
	Total Sub-Appropriation	**135.2**		**343.8**	**(208.6)**	

1. *Under expenditure is due to delays in the implementation of Phase 2 of the RTB Re-engineering project.*

SUSTAINABLE DEVELOPMENT

The department is committed to the Principles and Guidelines set out in *The Sustainable Development Act* and works to incorporate them in department activities, programs and business practices.

The following activities continued throughout 2005/2006:

- A Planning Committee, with department-wide representation, continued its efforts to identify opportunities for the department to contribute to the sustainable development initiative;
- The department maintained its sustainable development homepage on the *Intranet* as a department link to *The Sustainable Development Act* and the Green Procurement page of the Procurement Services Branch, Manitoba Transportation and Government Services;
- "Green" products and recycled materials continue to be purchased where available including the purchase of recycled copy paper;
- The department continued the recycling of various materials; and
- Departmental staff assigned fleet vehicles continue to use ethanol-blended gasoline where available.

Part A - Operating Expenditure
Department of Finance
Reconciliation Statement
($000s)

Details	2005-2006 Estimate
2005-2006 Main Estimates	$371,113.3
Main Estimates Authority Transferred from:	
- Enabling Appropriations:	
• Canada-Manitoba Enabling Vote	650.0
2005-2006 Estimate	**$371,763.3**

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2006 with comparative figures for the previous fiscal year ($000s)

Estimate 2005-2006		Appropriation	Actual 2005-2006	Actual 2004-2005	Increase (Decrease)	Explanation Number
	07- 1	ADMINISTRATION AND FINANCE				
29.4	(a)	Minister's Salary	29.7	28.9	0.8	
	(b)	Executive Support				
460.3		Salaries and Employee Benefits	415.1	610.5	(195.4)	1
90.7		Other Expenditures	100.4	112.9	(12.5)	
	(c)	Financial and Administrative Services				
381.4		Salaries and Employee Benefits	373.9	309.7	64.2	
68.7		Other Expenditures	48.3	55.6	(7.3)	
18.1	(d)	Tax Appeals Commission	17.1	17.5	(0.4)	
	(e)	French Language Services Secretariat				
588.9		Salaries and Employee Benefits	564.0	536.7	27.3	
508.8		Other Expenditures	350.5	332.9	17.6	
	(f)	Human Resource Services				
532.9		Salaries and Employee Benefits	544.8	505.2	39.6	
75.5		Other Expenditures	23.8	24.3	(0.5)	
2,754.7		Subtotal 07- 1	2,467.6	2,534.2	(66.6)	
	07- 2	TREASURY				
	(a)	Administration				
118.1		Salaries and Employee Benefits	116.9	114.1	2.8	
102.2		Other Expenditures	83.6	98.7	(15.1)	
	(b)	Capital Markets				
604.2		Salaries and Employee Benefits	508.7	545.8	(37.1)	
65.4		Other Expenditures	48.1	50.5	(2.4)	
	(c)	Treasury and Banking Operations				
831.5		Salaries and Employee Benefits	775.6	700.8	74.8	
91.2		Other Expenditures	90.8	89.6	1.2	
1,812.6		Subtotal 07- 2	1,623.7	1,599.5	24.2	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2006 with comparative figures for the previous fiscal year ($000s)

Estimate 2005-2006		Appropriation	Actual 2005-2006	Actual 2004-2005	Increase (Decrease)	Explanation Number
	07- 3	COMPTROLLER				
	(a)	Comptroller's Office				
391.1		Salaries and Employee Benefits	389.7	375.7	14.0	
39.4		Other Expenditures	96.5	46.7	49.8	2
	(b)	Information Technology Services				
552.8		Salaries and Employee Benefits	538.9	479.1	59.8	
93.0		Other Expenditures	72.7	63.2	9.5	
	(c)	Disbursements and Accounting				
2,432.2		Salaries and Employee Benefits	2,090.4	2,183.2	(92.8)	
885.2		Other Expenditures	1,193.6	862.9	330.7	3
(510.0)		Less: Recoverable from Other Appropriations	(520.1)	(502.3)	(17.8)	
	(d)	Financial Systems Support				
825.5		Salaries and Employee Benefits	693.0	777.1	(84.1)	
107.9		Other Expenditures	80.5	53.1	27.4	4
	(e)	Internal Audit and Consulting Services				
1,836.9		Salaries and Employee Benefits	1,603.7	1,705.3	(101.6)	
195.4		Other Expenditures	174.8	184.9	(10.1)	
6,849.4		Subtotal 07- 3	6,413.7	6,228.9	184.8	
	07- 4	TAXATION				
	(a)	Management and Research				
1,329.7		Salaries and Employee Benefits	1,306.7	1,226.7	80.0	
164.9		Other Expenditures	162.5	162.4	0.1	
	(b)	Taxation Administration				
3,580.0		Salaries and Employee Benefits	3,326.7	3,146.9	179.8	
3,096.9		Other Expenditures	4,093.9	2,910.2	1,183.7	5
	(c)	Audit				
5,790.3		Salaries and Employee Benefits	5,470.1	5,439.7	30.4	
1,037.8		Other Expenditures	852.4	940.3	(87.9)	
	(d)	Tobacco Interdiction				
635.4		Salaries and Employee Benefits	424.8	489.3	(64.5)	
251.5		Other Expenditures	197.7	186.5	11.2	
15,886.5		Subtotal 07- 4	15,834.8	14,502.0	1,332.8	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2006 with comparative figures for the previous fiscal year ($000s)

Estimate 2005-2006		Appropriation	Actual 2005-2006	Actual 2004-2005	Increase (Decrease)	Explanation Number
	07- 5	FEDERAL-PROVINCIAL RELATIONS AND RESEARCH				
	(a)	Economic and Federal-Provincial Research				
1,656.8		Salaries and Employee Benefits	1,507.1	1,522.6	(15.5)	
1,123.2		Other Expenditures	1,197.9	943.9	254.0	6
	(b)	Manitoba Tax Assistance Office				
336.2		Salaries and Employee Benefits	331.6	294.7	36.9	
130.9		Other Expenditures	89.3	128.6	(39.3)	7
3,247.1		Subtotal 07- 5	3,125.9	2,889.8	236.1	
	07- 6	INSURANCE AND RISK MANAGEMENT				
350.8	(a)	Salaries and Employee Benefits	342.7	309.7	33.0	
57.0	(b)	Other Expenditures	51.7	55.0	(3.3)	
3,341.0	(c)	Insurance Premiums	2,172.2	2,253.0	(80.8)	
(3,341.0)	(d)	Less: Recoverable from Other Appropriations	(2,172.2)	(2,253.0)	80.8	
407.8		Subtotal 07- 6	394.4	364.7	29.7	
	07- 7	TREASURY BOARD SECRETARIAT				
5,285.6	(a)	Salaries and Employee Benefits	4,696.2	4,412.1	284.1	
810.1	(b)	Other Expenditures	920.1	846.2	73.9	
6,095.7		Subtotal 07- 7	5,616.3	5,258.3	358.0	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2006 with comparative figures for the previous fiscal year ($000s)

Estimate 2005-2006		Appropriation	Actual 2005-2006	Actual 2004-2005	Increase (Decrease)	Explanation Number
	07- 8	CONSUMER AND CORPORATE AFFAIRS				
	(a)	Administration and Research	827.4	903.8	(76.4)	
962.5		Salaries and Employee Benefits	239.9	246.2	(6.3)	
241.4		Other Expenditures	(210.0)	(210.0)	-	
(210.0)		Less: Recoverable from Other Appropriations				
	(b)	Consumers' Bureau	902.6	949.1	(46.5)	
933.4		Salaries and Employee Benefits	207.2	217.6	(10.4)	
230.6		Other Expenditures	88.7	111.7	(23.0)	
88.7		Grants				
	(c)	Residential Tenancies Branch	3,077.3	2,908.4	168.9	
3,333.1		Salaries and Employee Benefits	685.4	719.8	(34.4)	
862.4		Other Expenditures				
	(d)	Financial Institutions Regulation	670.8	688.6	(17.8)	
723.6		Salaries and Employee Benefits	174.2	161.2	13.0	
258.0		Other Expenditures				
	(e)	Claimant Adviser Office - Automobile Injury Compensation Appeals	242.8	43.4	199.4	8
259.4		Salaries and Employee Benefits	220.8	109.1	111.7	8
406.4		Other Expenditures				
	(f)	Automobile Injury Compensation Appeal Commission	636.3	596.7	39.6	
761.9		Salaries and Employee Benefits	327.1	153.4	173.7	9
398.6		Other Expenditures				
	(g)	Residential Tenancies Commission	506.9	484.5	22.4	
565.8		Salaries and Employee Benefits	120.9	90.5	30.4	10
349.7		Other Expenditures				
	(h)	Public Utilities Board	598.6	711.5	(112.9)	
521.6		Salaries and Employee Benefits	441.2	534.5	(93.3)	
590.5		Other Expenditures				
11,277.6		Subtotal 07- 8	9,758.1	9,420.0	338.1	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2006 with comparative figures for the previous fiscal year ($000s)

Estimate 2005-2006		Appropriation	Actual 2005-2006	Actual 2004-2005	Increase (Decrease)	Explanation Number
	07- 9	COSTS RELATED TO CAPITAL ASSETS				
	(a)	Desktop Services				
101.5		Amortization Expense - Transition	101.4	101.4	-	
201.1		Enterprise Software Licences	201.1	201.1	-	
2,287.0	(b)	Amortization Expense	2,254.6	2,243.9	10.7	
1,516.0	(c)	Interest Expense	1,492.6	1,624.8	(132.2)	
4,105.6		Subtotal 07- 9	4,049.7	4,171.2	(121.5)	
	07-10	NET TAX CREDIT PAYMENTS				
182,536.1		Manitoba Education Property Tax Credit	181,061.2	185,480.7	(4,419.5)	
48,760.8		Personal Tax Credit	48,483.4	49,618.9	(1,135.5)	
2,661.9		Pensioners' School Tax Assistance	2,457.1	2,488.5	(31.4)	
547.1		Political Contribution Tax Credit	1,181.9	594.9	587.0	
75.0		Environmentally Sensitive Areas Tax Credit	5.6	4.0	1.6	
959.5		Federal Administration Fee	985.4	870.6	114.8	
-		Manitoba Learning Tax Credit	-	125.0	(125.0)	
		Less: Recoverable from Education, Citizenship and Youth:				
(182,536.1)		Manitoba Education Property Tax Credit	(181,061.2)	(185,480.7)	4,419.5	
(2,661.9)		Pensioners' School Tax Assistance	(2,457.1)	(2,488.5)	31.4	
		Less: Recoverable from Advanced Education and Training				
-		Manitoba Learning Tax Credit	-	(125.0)	125.0	
50,342.4		Subtotal 07-10	50,656.3	51,088.4	(432.1)	11

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2006 with comparative figures for the previous fiscal year ($000s)

Estimate 2005-2006		Appropriation	Actual 2005-2006	Actual 2004-2005	Increase (Decrease)	Explanation Number
	07-11	PUBLIC DEBT				
	(a)	Interest on:				
1,103,598.0		the Public Debt of Manitoba and related expenses	1,105,025.2	1,055,695.1	49,330.1	
83,847.8		departments' capital assets	86,198.2	80,469.8	5,728.4	
30,000.0		Trust and Special Funds	44,030.4	27,095.7	16,934.7	
	(b)	Less: Interest and Other Charges to be received from:				
(209,579.9)		Sinking Fund Investments	(204,576.0)	(218,877.6)	14,301.6	
(529,899.3)		Manitoba Hydro	(535,152.3)	(502,101.7)	(33,050.6)	
(28,972.3)		Manitoba Housing and Renewal Corporation	(28,999.8)	(29,687.4)	687.6	
(19,999.7)		Manitoba Agricultural Credit Corporation	(20,335.3)	(20,626.6)	291.3	
(12,422.4)		Other Government Agencies	(11,454.7)	(11,881.8)	427.1	
(63,740.5)		Other Loans and Investments	(88,740.9)	(59,073.5)	(29,667.4)	
(83,847.8)		Other Appropriations	(86,198.2)	(80,469.8)	(5,728.4)	
268,983.9		Subtotal 07-11	259,796.6	240,542.2	19,254.4	12
371,763.3		Total Expenditures	359,737.1	338,599.2	21,137.9	

Manitoba Finance

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2006 as compared to figures for the previous fiscal year

Explanation Number:

1. Decrease is primarily due to the costs associated with the retirement of the Deputy Minister in 2004/2005.
2. Increase is due to office renovations undertaken in 2005/2006.
3. Increase is due to is primarily due to office renovations and consulting costs related to the implementation of Summary Budgeting.
4. Increase is due to training costs in preparation of SAP upgrade and the replacement of hardware upon lease expiration.
5. Increase is primarily due to the provision for doubtful accounts for taxation receivables deemed uncollectible.
6. Increase is essentially due to the TONI administration fee reduced in part by the administration costs associated with the implementation of the Farmland School Tax Rebate program in 2004/2005 and the budget preparation costs in 2004/2005.
7. Decrease is primarily due to reduced in advertising and administration costs associated with the Riparian Property Tax Reduction and Farmland School Tax Rebate programs.
8. Increase is due to the establishment of the Claimant Adviser Office in 2004/2005 that became fully operational in 2005/2006.
9. Increase is primarily due to office renovation and relocation in 2005/2006.
10. Increase is primarily due to the additional operating costs associated with the Residential Tenancies Amendment Act related to the rehabilitation of rental properties.
11. Net decrease is primarily due to the reduction in eligibility requirements offset in part by an increase in Political Contribution Tax Credit as a result of legislative changes and the impact of the election cycles.
12. Net increase is primarily due to increase in costs attributable to interest rates.

Manitoba Finance

Revenue Summary

for the fiscal year ended March 31, 2006 with comparative figures for the previous fiscal year ($000s)

Actual 2004-2005	Actual 2005-2006	Increase (Decrease)		Source	Actual 2005-2006	Estimate 2005-2006	Variance	Expl. No.
				TAXATION				
1,845,099.1	1,948,853.9	103,754.8	a	Individual Income Tax	1,948,853.9	1,876,900.0	71,953.9	1
401,925.1	373,568.7	(28,356.4)	b	Corporation Income Tax	373,568.7	365,600.0	7,968.7	2
165,850.6	132,166.7	(33,683.9)	c	Corporation Capital Tax	132,166.7	167,500.0	(35,333.3)	3
154,087.3	152,466.1	(1,621.2)	d	Gasoline Tax	152,466.1	155,500.0	(3,033.9)	4
57,813.9	60,895.4	3,081.5	e	Insurance Corporations Tax	60,895.4	54,000.0	6,895.4	5
23,428.5	30,947.6	7,519.1	f	Land Transfer Tax	30,947.6	24,000.0	6,947.6	6
287,019.6	303,055.3	16,035.7	g	Levy for Health and Education	303,055.3	294,300.0	8,755.3	7
114.5	2.6	(111.9)		Succession Duty and Gift Tax	2.6	0.0	2.6	8
71.0	71.1	0.1	h	Mining Claim Lease Tax	71.1	72.0	(0.9)	
40,826.2	39,191.6	(1,634.6)	i	Mining Tax	39,191.6	57,200.0	(18,008.4)	9
80,780.8	83,538.8	2,758.0	j	Motive Fuel Tax	83,538.8	78,000.0	5,538.8	10
1,125,429.0	1,197,452.3	72,023.3	k	Retail Sales Tax	1,197,452.3	1,180,800.0	16,652.3	11
74,359.7	82,971.3	8,611.6	l	Tax Administration and Miscellaneous Taxes Act, Part 1.1 *	82,971.3	73,800.0	9,171.3	12
203,465.5	191,637.4	(11,828.1)	m	Tobacco Tax	191,637.4	203,700.0	(12,062.6)	13
3,247.0	3,295.9	48.9	n	Environmental Protection Tax	3,295.9	3,200.0	95.9	
4,463,517.8	4,600,114.7	136,596.9		Subtotal	4,600,114.7	4,534,572.0	65,542.7	
				OTHER REVENUE				
902.9	1,094.3	191.4	a	Automobile Injury Appeals Commission Cost Recovery	1,094.3	1,312.6	(218.3)	14
152.5	496.2	343.7	b	Claimant Adviser Office Cost Recovery	496.2	664.4	(168.2)	15
1,675.9	1,613.1	(62.8)	c	Consumer Affairs Fees	1,613.1	1,609.9	3.2	
966.7	995.2	28.5	d	Insurance Act Fees and Cost Recovery	995.2	927.7	67.5	
1,330.3	1,319.1	(11.2)	e	Public Utilities Board Cost Recovery	1,319.1	1,373.0	(53.9)	
18,164.3	9,297.3	(8,867.0)	f	Recovery of Prior Years' Expenditures	9,297.3	3,184.1	6,113.2	16
208.1	281.1	73.0	g	Trust and Loan Fees	281.1	245.0	36.1	
(1,381.6)	19,636.4	21,018.0	h	Sundry	19,636.4	704.3	18,932.1	17
22,019.1	34,732.7	12,713.6		Subtotal	34,732.7	10,021.0	24,711.7	
				GOVERNMENT OF CANADA				
1,699,483.8	1,601,018.0	(98,465.8)	a	Equalization	1,601,018.0	1,601,000.0	18.0	18
0.0	48,900.0	48,900.0	b	Bill C-48	48,900.0	0.0	48,900.0	19
684,767.3	733,313.4	48,546.1	c	Canada Health Transfer (CHT)	733,313.4	726,400.0	6,913.4	20
307,547.9	324,551.6	17,003.7	d	Canada Social Transfer (CST)	324,551.6	320,100.0	4,451.6	20
2,283.6	2,283.7	0.1	e	Government of Canada Subsidy	2,283.7	2,200.0	83.7	
2,694,082.6	2,710,066.7	15,984.1		Subtotal	2,710,066.7	2,649,700.0	60,366.7	
7,179,619.5	7,344,914.1	165,294.6		Total	7,344,914.1	7,194,293.0	150,621.1	

** Previously The Revenue Act, 1964, Part 1*

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2006

EXPLANATION NUMBER:

1. **Individual Income Tax:** $103,754.8 over 2004/2005 Actual
   $71,953.9 over 2005/2006 Estimate

   Total Individual Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

   Increase reflects a change in the prior year's adjustment consistent with revised data provided by Federal Finance in the Final Determination of Payments and an increase in in-year entitlements due to an increase in national taxable income.

2. **Corporation Income Tax:** $28,356.4 under 2004/2005 Actual
   $7,968.7 over 2005/2006 Estimate

   Total Corporation Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

   Decrease from 2004/2005 is due to prior year's adjustment resulting from a decline in the provincial share of national corporate taxable income in the 2004 Final Determination of Payments. Increase from 2005/2006 estimate is due to an increase in national corporate taxable income.

3. **Corporation Capital Tax:** $33,683.9 under 2004/2005 Actual
   $35,333.3 under 2005/2006 Estimate

   Decrease is due to tax credits resulting from excess instalments and lower tax payable by financial institutions reflecting a reduction in taxable capital.

4. **Gasoline Tax:** $1,621.2 under 2004/2005 Actual
   $3,033.9 under 2005/2006 Estimate

   Decrease is due to reduced consumption resulting from high gasoline prices.

Manitoba Finance

Revenue Variance Explanations
for the fiscal year ended March 31, 2006

EXPLANATION NUMBER:

5. **Insurance Corporation Tax:** $3,081.5 over 2004/2005 Actual
$6,895.4 over 2005/2006 Estimate

Increase is due to increased activity in insurance policy underwriting by insurers and special brokers in Manitoba.

6. **Land Transfer Tax:** $7,519.1 over 2004/2005 Actual
$6,947.6 over 2005/2006 Estimate

Increase is due and stronger than anticipated real estate market and the higher price of properties sold.

7. **Levy for Health and Education:** $16,035.7 over 2004/2005 Actual
$8,755.3 over 2005/2006 Estimate

Increase is due to increased employment levels and wage settlements.

8. **Succession Duty and Gift Tax:** $111.9 under 2004/2005 Actual

Decrease is due to the settlement of a large estate in 2004/2005.

9. **Mining Tax:** $1,634.6 under 2004/2005 Actual
$18,008.4 under 2005/2006 Estimate

Decrease is due to reduction in the 2005/2006 mining tax by a major Manitoba mining company to reflect changes in mineral extraction, depreciation claims for capital expenditures and changes in world base metal prices.

10. **Motive Fuel Tax:** $2,758.0 over 2004/2005 Actual
$5,538.8 over 2005/2006 Estimate

Increase is due to higher consumption in the trucking and construction industries resulting from increased economic activity.

Manitoba Finance

Revenue Variance Explanations
for the fiscal year ended March 31, 2006

EXPLANATION NUMBER:

11. **Retail Sales Tax:** $72,023.3 over 2004/2005 Actual
$16,652.3 over 2005/2006 Estimate

Increase from 2004/2005 reflects strong economic growth particularly in the construction sector and the full year impact of the sales tax collected on professional services.

12. **The Tax Administration and Miscellaneous Taxes Act, Part 1.1** *(previously The Revenue Act, 1964, Part 1)*:
$8,611.6 over 2004/2005 Actual
$9,171.3 over 2005/2006 Estimate

Increase is due to increased natural gas and hydro electricity rates.

13. **Tobacco Tax:** $11,828.1 under 2004/2005 Actual
$12,062.6 under 2005/2006 Estimate

Decrease is due increased refunds to retailers on the First Nation Reserves that sell tax-out tobacco as well as reduced tobacco consumption attributed to the provincial smoking ban and the high cost of tobacco.

14. **Automobile Injury Appeals Commission Cost Recovery:** $191.4 over 2004/2005 Actual
$218.3 under 2005/2006 Estimate

Increase from 2004/2005 actual is due to the recovery of the additional costs of the office relocation while the decrease from the estimate is due to reduced expenditures as a result of position vacancies in 2005/2006.

15. **Claimant Adviser Office Cost Recovery:** $343.7 over 2004/2005 Actual
$168.2 under 2005/2006 Estimate

Increase from 2004/2005 actual is due to the part-year expenditures in 2004/2005 for the establishment of the Claimant Adviser Office that was fully operational later in 2005/2006 while the reduction from the estimate is due reduced expenditures emanating from delays in legislative changes and full-year implementation.

Revenue Variance Explanations
for the fiscal year ended March 31, 2006

EXPLANATION NUMBER:

16. **Refund of Prior Years' Expenditures:** $8,867.0 under 2004/2005 Actual
$6,113.2 over 2005/2006 Estimate

This account reflects the recognition, in the current year, of revenue arising from the credit adjustment to expenditures made in a prior year for all government departments. Prior year credit adjustments are accounted for on a prospective basis – that is, they are recognized as revenue in the year the adjustment becomes known and is measurable.

Decrease from 2004/2005 actual reflects the 2004/2005 refund of $11 million for the employer's over contribution resulting from an actuarial valuation of the Public Service Group Insurance Fund. The increase from the estimate is due to adjustments for prior year expenditure accruals such as prior year flood expenditures ($4.3 million) as well as an increase due to the redeposit of numerous stale-dated cheques and other miscellaneous refunds.

17. **Sundry:** $21,018.0 over 2004/2005 Actual
$18,932.1 over 2005/2006 Estimate

Increase is essentially due to an adjustment for the prior year revenue accrual balance ($18.8 million) for the Provincial Municipal Tax Sharing Payments that was replaced by the Building Manitoba Fund (an expenditure program) in 2005/2006.

18. **Equalization:** $98,465.8 under 2004/2005 Actual

Equalization revenue is based on in-year entitlements combined with adjustments to entitlements for prior entitlement years. Decrease from 2004/2005 actual is primarily due to a change in the allocation methodology adopted at the First Ministers' Meeting on Equalization in October 2004 which resulted in payments being based on a three-year average fiscal capacity that was lower than the data used to establish the level of entitlements in 2004/2005.

Manitoba Finance

Revenue Variance Explanations
for the fiscal year ended March 31, 2006

EXPLANATION NUMBER:

19. **Bill C-48:** $48,900.0 over 2004/2005 Actual and 2005/2006 Estimate

This revenue reflects Manitoba's share of unanticipated federal funding announced in May 2005 for initiatives such as post-secondary education and training, affordable housing, the environment and foreign aid.

20. **Canada Health Transfer (CHT):** $48,546.1 over 2004/2005 Actual
Canada Social Transfer (CST): $17,003.7 over 2004/2005 Actual

Increase from 2004/2005 is a result of a higher entitlement in 2005/2006 which is consistent with the amount based upon the October 2004 First Ministers' Meeting.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 2002 to March 31, 2006 *

Main Appropriation		2001-2002		2002-2003		2003-2004		2004-2005		2005-2006	
		FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s
07- 1	Administration and Finance	33.00	2,213.0	33.00	2,178.0	33.00	2,349.6	33.00	2,534.2	33.00	2,467.6
07- 2	Treasury	25.00	1,476.5	25.00	1,563.5	25.00	1,676.9	25.00	1,599.5	25.00	1,623.7
07- 3	Comptroller	92.25	5,905.6	88.35	5,826.0	88.35	6,027.3	85.35	6,228.9	88.35	6,413.7
07- 4	Taxation	195.92	14,975.1	195.92	20,749.4	195.92	17,505.5	194.50	14,502.0	192.50	15,834.8
07- 5	Federal-Provincial Relations and Research	29.25	3,509.7	29.25	3,113.3	29.25	3,030.1	29.25	2,889.8	28.25	3,125.9
07- 6	Insurance and Risk Management	5.29	358.3	5.20	362.4	5.20	397.3	5.20	364.7	5.20	394.4
07- 7	Treasury Board Secretariat	66.00	4,789.8	66.00	4,667.4	66.00	5,035.2	66.60	5,258.3	64.60	5,616.3
07- 8	Consumer and Corporate Affairs	123.51	8,482.2	122.01	8,374.4	125.01	8,747.4	127.01	9,420.0	129.51	9,758.1
07- 9	Costs Related to Capital Assets		1,074.4		2,414.5		3,941.0		4,171.2		4,049.7
Total Departmental Operating Appropriations		570.22	42,784.6	564.73	49,248.9	567.73	48,710.3	565.91	46,968.6	566.41	49,284.2
07-10	Net Tax Credit Payments		52,646.7		50,671.3		48,867.2		51,088.4		50,656.3
07-11	Public Debt (Statutory)		394,841.9		321,419.3		251,165.4		240,542.2		259,796.6
Total Appropriations		570.22	490,273.2	564.73	421,339.5	567.73	348,742.9	565.91	338,599.2	566.41	359,737.1

* Actual expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfers in 2002/2003 of Consumer and Corporate Affairs to Finance and Office of Information Technology and related Costs Related to Capital Assets to Energy, Science and Technology; and ii) the transfers in 2003/2004 of Human Resource Services from Transportation and Government Services and from Education, Citizenship and Youth, and Legislative Building Information Systems to Enterprise System Management to Energy, Science and Technology. Public Debt actual expenditures for 2001/2002 have been adjusted to reflect the allocation of interest on capital assets and 2003/2004 adjusted for the allocation of interest related to the capitalization of infrastructure assets.

PERFORMANCE REPORTING

The 2005-2006 reporting year is the first year that a standardized Performance Measurement section appears in departmental Annual Reports. This section is another step in our process to provide Manitobans with a more complete picture of the activities of government and their impacts on the province. That process was begun in 2005 with the release of the document, *Reporting to Manitobans on Performance, 2005 Discussion Document*, which can be found at www.gov.mb.ca/finance/performance.

Performance indicators in departmental Annual Reports are intended to provide Manitobans with meaningful and useful information about government's activities, complementary to financial results. Some measures incorporate data collected by the provincial government, while others show data that are collected by external agencies. A range of existing, new and proposed measures may be reported in subsequent years, as the process continues to evolve.

Your comments on performance measures are valuable to us. You can send comments or questions to mbperformance@gov.mb.ca.

What is being measured and how?	Why is it important to measure this?	What is the most recent available value for this indicator?	What is the trend over time for this indicator?	Comments/recent actions/report links
Collection rate of statutory taxation revenues (excluding personal and corporate income taxes) owing to the province by comparing revenue amounts collected to amounts owing.	The effectiveness of these activities is directly related to the protection of provincial revenues in the face of technological change in the marketplace and increasingly aggressive tax planning by business and tax professionals.	99.8% of amounts owing to the province were collected in 2005/2006.	The five-year average is 99.8%.	Implementation of a single business number provides the strategic foundation to achieve significant service delivery, compliance and information management benefits. Common enforcement efforts/streamlining of tax legislation are continuously pursued to elicit increased compliance and protection of provincial revenues.

What is being measured and how?	Why is it important to measure this?	What is the most recent available value for this indicator?	What is the trend over time for this indicator?	Comments/recent actions/report links
The effective management of public debt by measuring the net cost of servicing the general provincial program debt as a percentage of provincial revenue.	To provide a measure of the efficiency of public debt management program as well as an indicator whether the province has more to spend on operations as opposed to debt servicing costs.	The province's net cost of servicing the general provincial program debt as a percent of provincial revenue as at March 31, 2006 is 3.2%.	A five-year comparison is provided in Table A providing certain information as to the funded debt of the province as well as debt issues for general provincial programs including per capita data.	Active monitoring of global financial markets and prudent financial risk management strategies are pursued on an ongoing basis to manage volatility and costs.
The province's ability to borrow at a cost-effective rate by examining the credit rating for the province.	This measure is a key independent, third-party assessment of the province's credit-worthiness and is an important consideration for investors in Manitoba government bonds and other securities.	Ratings as at March 31, 2006 are: • Aa2 Moody's Investors Service • AA Standard & Poor's • A (high) Dominion Bond Rating Service	Manitoba's credit profile continues to improve aided by solid fiscal results over the past few years, its prudent fiscal management and the declining debt to GDP burden.	
Client perceived fairness and effectiveness with decisions of the Residential Tenancies Branch as measured by the rate of appeals of decisions under the Residential Tenancies Act.	To ensure that the branch's hearing processes and decisions continue to be fair and effective.	4,327 orders were issued under Parts 1 – 8 of the Residential Tenancies Act (landlord and tenant disputes) in 2005/2006 of which 470 (11%) were appealed. 469 orders were issued under Part 9 of the Act (rent regulation matters) in 2005/2006 of which 98 (21%) were appealed.	The appeal rate for Parts 1-8 matters has usually been around 10% and the appeal rate for Part 9 matters is generally around 20%.	

Table A
Five-year comparative data related to the effective management of public debt for the fiscal years ending March 31:

	2002	2003	2004	2005	2006
Net General Provincial Program Debt (millions)	$6,406	$6,354	$6,546	$6,594	$6,582
Population (millions)*	1,151.3	1,155.6	1,161.6	1,170.2	1,177.6
Per Capita	$5,564	$5,498	$5,635	$5,635	$5,589
GDP (millions)*	$35,129	$36,625	$37,746	$40,006	$42,029
% of GDP	18.2%	17.3%	17.3%	16.5%	15.7%
Debt Servicing (millions) **	$395	$321	$251	$241	$260
Revenue (millions)*	$6,829	$7,104	$7,389	$8,222	$8,365
% of Revenue	5.8%	4.5%	3.4%	2.9%	3.2%

* Source: Budget 2006, Manitoba Financial Statistics, Ten-Year summary.
** For comparative purposes, 2001/2002 and 2003/2004 Debt Servicing costs have been adjusted to reflect the allocation of interest on capital assets and the capitalization of infrastructure assets respectively.